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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 23 FEBRUARY 1989  
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer

The Rt Hon Lord Mackay of Clashfern  
Lord Chancellor

The Rt Hon Douglas Hurd MP  
Secretary of State for the  
Home Department

The Rt Hon Peter Walker MP  
Secretary of State for Wales

The Rt Hon George Younger MP  
Secretary of State for Defence

The Rt Hon Norman Fowler MP  
Secretary of State for Employment

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

The Rt Hon Nicholas Ridley MP  
Secretary of State for the Environment

The Rt Hon Kenneth Baker MP  
Secretary of State for Education  
and Science

The Rt Hon Kenneth Clarke QC MP  
Secretary of State for Health

The Rt Hon John MacGregor MP  
Minister of Agriculture, Fisheries  
and Food

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

The Rt Hon Paul Channon MP  
Secretary of State for Transport

The Rt Hon John Moore MP  
Secretary of State for Social Security

The Rt Hon John Wakeham MP  
Lord President of the Council

The Rt Hon The Lord Belstead  
Lord Privy Seal

The Rt Hon Cecil Parkinson MP  
Secretary of State for Energy

The Rt Hon John Major MP  
Chief Secretary, Treasury

The Rt Hon Antony Newton MP  
Chancellor of the Duchy of Lancaster

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THE FOLLOWING WERE ALSO PRESENT

Hon David Waddington QC MP  
Ministerial Secretary, Treasury

The Rt Hon Lynda Chalker  
Minister of State,  
Foreign and Commonwealth Office

The Rt Hon Peter Brooke MP  
Paymaster General, Treasury

SECRETARIAT

Sir Robin Butler  
Mr R G Lavelle (Items 3 and 4)  
Mr P J Weston (Items 3 and 4)  
Mr A J Langdon (Items 1 and 2)  
Mr S S Mundy (Items 1 and 2)

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

THE LORD PRIVY SEAL said that at Committee Stage of the Football Spectators Bill in the House of Lords on the previous Monday, a group of amendments had been carried by a margin of three votes against the advice of the Government which would oblige the Secretary of State to phase in the introduction of the national membership scheme for football spectators. The proponents of the amendments had asserted repeatedly during the debate that the amendments would merely enable a proposal to be made to the Secretary of State that the scheme should be phased in and that the question whether to accept any such recommendation would be entirely at the Secretary of State's discretion. Although the Government's spokesman had made clear that the amendments would in fact have the effect which he had indicated, the House had been influenced by the advice from the amendments' sponsors. It would already have been possible under the terms of the Bill as introduced for the Secretary of State to have provided for the phased implementation of the scheme and, with the agreement of the Secretary of State for the Environment, he therefore proposed that the opportunity should be taken at the Report Stage to strike out the amendments and replace them with a provision which would give effect to their sponsors' stated intentions.

THE PRIME MINISTER, summing up a brief discussion, said that the Lord Privy Seal, in consultation with the Secretary of State for the Environment, should arrange for provisions to undo the effect of the amendments to be brought forward.

The Cabinet -

1. Took note with approval of the Prime Minister's summing up of the discussion and invited the Lord Privy Seal to be guided accordingly.

THE LORD PRIVY SEAL said that he hoped to be in a position shortly to bring forward proposals for reversing the effect of the amendment made at Committee Stage of the Companies Bill on 30 January which sought to provide that companies would need to obtain the approval of their shareholders at the annual general meeting for any proposed donations for political purposes.

THE PRIME MINISTER said that it was essential that the effect of the amendment should be overturned.

The Cabinet -

2. Took note.

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2. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that in April 1988 he and the Secretary of State for Health had set up a working party chaired by Sir Richard Southwood, Professor of Zoology at Oxford University, to examine the implications of Bovine Spongiform Encephalopathy (BSE) in relation to both animal health and any possible human health hazards, and to advise on any necessary measures. The working party had presented its report on 9 February and, in view of the intense current public interest in food safety and the risk of the working party's findings being leaked, it was necessary to publish the report with as little delay as possible. It would, however, raise a number of difficult issues that required the most careful handling. BSE was a fatal neurological disorder of cattle. It was one of a group of degenerative diseases of the central nervous system, including scrapie in sheep and the very rare Creutzfeldt Jakob disease in humans. It had been first identified by his Ministry's Central Veterinary Laboratory, which had established that the most likely cause of the disease was the feeding to calves of processed meat meal and bone meal derived from sheep affected by scrapie. As soon as that was clear, in July 1988, he had prohibited the use of material derived from ruminant animals in feed for ruminants. Provided that BSE could not be transmitted between cattle, and there was no evidence of that, the effect of this prohibition would be to prevent new cases arising after the disease's incubation period of up to 3 years. There was no evidence that the disease had crossed to humans, and the Southwood Report, which welcomed his Ministry's rapid action, concluded that on present evidence it was most unlikely that BSE would have any implications for human health. Despite that general conclusion however, the working party made a number of recommendations aimed at minimising any possible risk to humans, and their comments on vaccines and on baby foods would need to be handled with particular care. In the light of the working party's recommendations on vaccines, guidelines were about to be issued, recommending manufacturers of medicinal products to use non-bovine sources wherever possible. The position on baby foods was perhaps even more difficult. The working party had not examined all the scientific evidence relating to the use of liver and kidney in baby food, and they did not make a formal recommendation on the point. Nevertheless, their report stated that they considered that manufacturers of baby foods should avoid the use of offal from ruminants. Sir Richard Southwood had told him that the likelihood of problems arising from the use of ruminant offal in baby food was very low indeed and that the working party's suggestion represented counsel of extreme prudence. The problem was, therefore, that the working party's ultra-cautious approach might have the effect of stimulating disproportionate public alarm, but it would not be feasible for the Government to appear to be disregarding the working party's advice. Now that Sir Richard Southwood had helped to clarify his comments, he did not believe that publication could safely be postponed. Subject to final clearance of the text with the Secretary of State for Health, he believed that he should aim to make an announcement before Sir Richard Southwood left the country for a visit to the United States.

THE SECRETARY OF STATE FOR HEALTH said that the working party's comments on baby food were the main problem. In view of the extreme sensitivity

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of this topic and of the tentative nature of the working party's comments, he had considered that the best way forward might have been for the Chief Medical Officer to be asked to consider the matter in greater depth. However, the Chief Medical Officer had that morning told him that he did not think it would be right for him to do other than accept the working party's finding. That being so, the Government had no alternative but to accept the working party's conclusions on baby food and to be seen to act on them. He agreed that publication of the report should not be long delayed.

In discussion, the following main points were made:

a. The Southwood Report appeared to be less precise than might have been expected of a report by eminent scientists on a matter of such moment, and its comments might well have an enormous impact on the public and on industry. Nevertheless, once such expert advice was commissioned by the Government it was not feasible for Ministers to appear to substitute their own judgement for it. Unless the Government's own professional advice pointed in another direction, there was no option but to accept the report's findings as the basis for policy.

b. Although it might well be that the Government was left with little room for choice in this particular matter, it was unsatisfactory that policy decisions should in effect be put into the hands of specialised experts. The Southwood Report's findings on baby foods, which were not even cast in the form of a clear recommendation, were based on assumptions at the most remote edges of probability, and it was not clear that the action proposed was in proportion to the risks. In logic, the working party's comments on baby foods would extend with equal validity to the feeding of any ruminant kidney or liver to young children. Hitherto, liver had been generally considered one of the best foods for children and it was extraordinary that it should so suddenly be questioned. It was clear, furthermore, that the proposals would have implications for the meat industry as a whole, and not simply for baby food manufacturers.

c. On the other hand, the working party's caution and the tentative nature of some of their comments were only to be expected. Scrapie had existed in sheep for 200 years, but it was only known to have crossed to another species very recently. Two years ago there were no affected cows, whereas now there were nearly 3,000. It would be an appalling tragedy if the disease were to cross a further species boundary and affect humans. It was not unreasonable for the working party to have contemplated all possible precautions.

d. Even if the Government accepted the Southwood Report's findings on baby food, there was a range of possible actions. Prohibition of the manufacture of baby foods containing ruminant offal would be the most extreme step, and this might necessitate consultation under the Food Act. On the other hand, the food

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manufacturers themselves would almost certainly want to be seen to cease the manufacture of such baby foods as a consequence of the report's publication. The position on imported baby foods would need to be considered, as would the advice that should be offered on the use of existing stocks of baby foods and on food for older children. There should be a clear line on all these points before an announcement was made.

THE PRIME MINISTER, summing up the discussion, said that the Southwood Report was likely to raise considerable alarm, and its recommendations and suggestions were not based on precise and firm evidence. There were manifest difficulties in handling that situation, but it had to be borne in mind that the disease's recent crossing of the species boundary from sheep to cattle was a new phenomenon and it was not known whether a further crossing of the species boundary to humans was possible. In these circumstances the guiding principle was that the Government should be seen to act on properly qualified advice, and the Chief Medical Officer had a crucial role in this. On that basis, the Minister of Agriculture, Fisheries and Food and the Secretary of State for Health should urgently prepare a clear and accurate statement of the Government's position in response to the Southwood Report, taking account of the points made in discussion. The announcement should then be made as soon as was practicable, in a way that involved Sir Richard Southwood himself, the Chief Medical Officer and the Chief Veterinary Officer as well as Ministers.

The Cabinet -

Took note, with approval, of the Prime Minister's summing up of the discussion and invited the Minister of Agriculture, Fisheries and Food and the Secretary of State for Health to be guided accordingly.

FOREIGN  
AFFAIRS

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Anglo-Iranian  
relations

previous  
reference:  
C(89) 6.3

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE

(MRS CHALKER) said that all but one of the staff of the British Embassy in Tehran had returned to the United Kingdom on 22 February, following the Government's decision to withdraw them. The remaining officer would leave on 27 February. Sweden had agreed to resume responsibility for British interests with effect from 26 February. The Foreign and Commonwealth Office had told the Iranian Embassy in London that their staff would be expected to leave the United Kingdom by midnight on 27 February. The Government awaited a proposal from Iran as to who should be their protecting power in London, but would be free to reject this if the Iranian choice was unwelcome. If the Iranian Embassy staff in London had not left the United Kingdom by 27 February, they would be declared personae non gratae.

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Continuing, THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that, following the meeting of the Foreign Affairs Council of the European Community (EC) earlier in the week, Spain as the current holder of the Presidency had been urged to seek international support more widely for the stand taken by the EC. In addition, the Government was taking action bilaterally in several capitals. The Foreign and Commonwealth Secretary had written to the Soviet Foreign Minister, Mr Eduard Shevardnadze, and would be seeing him at the funeral of Emperor Hirohito in Tokyo. Approaches had been made to Japan and Canada among others. There was already growing support outside the EC for the European reaction to the threat against Mr Salman Rushdie's life, notably from President Bush, the United Nations' Secretary-General, Australia, Sweden, Austria and Finland. The Foreign and Commonwealth Office would be seeking clarification from the New Zealand High Commissioner that morning about some unhelpful public comment by the New Zealand Prime Minister, Mr David Lange. It appeared from more recent press reports that his earlier equivocation might have been corrected.

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE went on to say that the Government had advised the organisers to cancel their plans for a trade exhibition in Tehran in early March. There would be no Government money or other support for trade fairs in Iran for the time being. The recall of Embassy staff from Tehran meant that it would not be possible to give local assistance to British businessmen in Iran. British passport holders were being advised not to travel to Iran at present unless absolutely necessary.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet endorsed the action taken so far in dealing with Iran and agreed that the widest possible international support should be sought for it.

Afghanistan

previous  
reference:  
C(89) 5.3

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that President Najibullah was assuming dictatorial powers in Afghanistan. He now headed the new Supreme Military Council responsible for co-ordinating the war effort. He had dismissed many Ministers who were not members of the ruling party. This marked the abandonment of the unsuccessful policy of "national reconciliation". Meanwhile, the Consultative Council (Shoura) of resistance leaders which had taken place in Pakistan the preceding week had failed to agree on a viable alternative government. As a result the initiative had passed to resistance commanders within Afghanistan, who were concentrating their efforts against key provincial towns such as Kandahar, Jalalabad and Herat. Their likely objective was a negotiated surrender of these towns. An orderly transfer of power there could encourage a similar process in Kabul. Despite the lack of dramatic resistance advances since the Soviet withdrawal, there was no reason to revise the Government's assessment that the present regime would fall, but the timescale remained unpredictable and might be more protracted than originally expected.

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Anglo-German  
Summit 20/21  
February

THE PRIME MINISTER said that the Anglo-German Summit on 20/21 February had been held in Frankfurt at the request of the Federal German Chancellor, Dr Helmut Kohl, in order to give a higher public profile to the Federal Republic's relations with the United Kingdom. This had attracted a considerable amount of public attention. She had encountered little difficulty in discussions with Chancellor Kohl in agreeing on many of the major agenda items, for example the need to avoid protectionism and subsidies, to encourage free trade and to avoid the deadline of 1992 giving rise to a perception of "Fortress Europe". Chancellor Kohl had also agreed with her that it was necessary for the North Atlantic Treaty Organisation (NATO) to continue to have the appropriate mix of nuclear and conventional forces which should be kept up-to-date as necessary. But Chancellor Kohl had not been willing to say whether a successor system to the present Lance ground-to-ground missile should be deployed. In their press conference they had therefore reaffirmed in precise terms the language of the last NATO summit, to the effect that the NATO strategy of deterrence was based upon an appropriate mix of adequate and effective nuclear and conventional forces which would continue to be kept up-to-date where necessary. She would meet Chancellor Kohl again in April for further discussion about this. Much would depend upon the attitude of the United States. If Congress was to authorise \$32 million required in the next financial year for research and development on a successor system to Lance they would need an understanding with the Europeans that this system would be deployed. The programme would call for the expenditure of a further \$130 million the following year, with a view to deployment in 1995 or 1996. The need for agreement within the Alliance was thus urgent. If the arguments were made sufficiently robustly her assessment was that the necessary decision by the Alliance would be forthcoming.

Continuing, THE PRIME MINISTER said that she had also taken up with Chancellor Kohl the question of low flying in the air space of the Federal Republic by allied aircraft stationed there. She had pointed out that there was more such low flying for training purposes in the United Kingdom than there was in the Federal Republic and that it was necessary for pilots to be able to train by flying over the terrain where it would be required to fight should that day ever come. This had to be explained to German public opinion.

In discussion, the following points were made:

- a. There was a different approach to political debate in the Federal Republic from that in the United Kingdom on subjects such as defence. There the left wing was allowed to make the running and the Government's public response was tempered accordingly. Every effort should be made to encourage Chancellor Kohl to resume the public initiative, particularly since his own convictions on the main issues were the right ones.
- b. By contrast the position of the German Foreign Minister Herr Genscher was much more ambivalent. For example, unlike the Chancellor, he had shown signs in discussion with the Foreign and Commonwealth Secretary during the Summit of favouring further

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gestures in the direction of restrictive measures against South Africa. He had however accepted that on chemical weapons verification would be vital for a successful convention to ban such weapons. He had also accepted the need for the Alliance to present a unanimous proposal promptly on 6 March when the new negotiations opened on Conventional Forces in Europe, and to resolve quickly remaining difficulties with the Turks.

It was important in assessing the tolerance of public debate in the Federal Republic to recognise that it would be very dangerous for the Alliance if the current governing coalition were to be replaced by a government including the German Social Democrats, whose policies were now considerably to the left of those formerly favoured by Helmut Schmidt. Moreover, the leader of the Free Democratic Party, Graf Otto Lambsdorff, also seemed to have changed his stance on the question of defence, on which he had now become very unsound.

d. The emergence of a new and strident right wing element in German politics, as seen from the recent elections in Berlin, was also a matter of concern. Last year 350,000 people had migrated to the Federal Republic to take up permanent residence there, including 100,000 asylum seekers. This had contributed powerfully to a wave of anti-foreign feeling in the country.

e. On low flying by NATO forces stationed in the Federal Republic, it was agreed by all concerned, with the exception of the German Luftwaffe, that permitted quotas for such flying had already reached the lowest level compatible with NATO training requirements. Unfortunately because the German Defence Minister, Herr Rupert Scholz, had not taken a sufficiently robust line, German public opinion thought that further reductions were possible. Herr Scholz would probably be presenting proposals to that end shortly. The United Kingdom would have to resist them.

f. There were signs of increasing traffic in manufactured goods between East and West Germany, reflecting the lower labour costs in the former. Tariff free access was permitted under the Treaty of Rome on the basis that East German goods did not pass on elsewhere within the Community. If these provisions were being abused this would amount to unfair competition. Consideration should be given to taking up this issue with the European Commission and the Federal German Government.

g. German agriculture, which was likely to contract substantially over the next decade, remained a difficult area, not least in electoral terms. The German authorities appeared opposed to further reform of the common agricultural policy and this was likely to present difficulties in the course of the Uruguay Round.

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4. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE said that, as already noted, much of the meeting of the Foreign Affairs Council on 20 February had been taken up with discussion of Iran on which the Foreign and Commonwealth Secretary had obtained the support of the other eleven Member Countries for concerted action. The main scheduled item on the Council agenda had been the dispute with the United States over hormone-treated beef. On this the outcome had been successful, avoiding any new move to Community counter retaliation, pending the conclusions of a joint high level task force which was charged with seeking solutions over an agreed 75 day period. The satisfactory outcome owed much to lobbying by the United Kingdom of the Commission and United States authorities over recent months, and in particular the meeting between the Foreign and Commonwealth Secretary and the United States Secretary of State, Mr Baker, on 12 February. On other issues the Council had approved mandates for negotiation of trade and cooperation agreements with Poland and Bulgaria and discussed the need for coordination of economic and political aspects of policy towards Eastern Europe.

The Cabinet

Took note.

Cabinet Office

23 February 1989

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