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Conclusions

CABINET

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

THURSDAY 11 MAY 1989

at 11.00 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

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 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 Lord Young of Graffham  
Secretary of State for Trade and  
Industry

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

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

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

The Hon David Waddington QC MP  
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP  
Paymaster General

SECRETARIAT

Sir Robin Butler  
Mr R G Lavelle (Items 3 and 4)  
Mr P J Weston (Item 3 and 4)  
Mr P J C Mawer (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 and that, subject to the progress of business, it was proposed that the House should rise for the Spring Adjournment on Friday 26 May until Tuesday 6 June.

SECRETARY  
AFFAIRS

THE AFFAIRS

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ossible Industrial  
tion in the  
lectricity Supply  
dustry

2. THE SECRETARY OF STATE FOR ENERGY said that the four trades unions representing manual workers in the electricity supply industry had balloted their members for industrial action if there was no satisfactory outcome to their pay negotiations with the employers. Three of the four unions had secured a majority in favour of an all-out strike: in the fourth, there had been a majority in favour of industrial action falling short of a strike. Negotiations were continuing and industrial action was unlikely for some two weeks. He hoped that, in that time, ways of achieving a satisfactory settlement would be found.

Industrial Action  
in the Transport  
Sector

Previous Reference:  
(89) 16.3

THE SECRETARY OF STATE FOR TRANSPORT said that the National Union of Railwaymen (NUR) had been unsuccessful in its application to the High Court the previous day to lift an injunction secured by London Underground on an indefinite strike by Underground workers. The NUR seemed likely to hold a fresh ballot of its members on industrial action rather than to take the matter to the Court of Appeal. Meanwhile negotiations with the employers were continuing, and it was just possible that these would produce a settlement of the relevant dispute. There was, however, the prospect of some unofficial industrial action on the Underground on the following Monday. The result of a ballot of London bus workers would be announced that day and if, as he expected, there was a majority for industrial action, one or more one-day strikes, including one on the following Monday, seemed likely. British Rail had imposed a pay settlement on its staff and the rail unions were balloting their members on industrial action, although this process would take some time.

Abolition of the  
Dock Labour Scheme

Previous Reference:  
(89) 16.3

THE SECRETARY OF STATE FOR EMPLOYMENT said that the Dock Work Bill would complete its Committee Stage in the House of Commons in the following week. The Transport and General Workers Union (TGWU) was holding a workplace ballot, which would continue until 19 May. A majority in favour of industrial action was likely, although there would be no official action before 31 May. The three major port employers were challenging the legality of the ballot in the High Court that day but it was uncertain whether their challenge would succeed. A strike in Hull over four redundancies provided a vivid illustration of the shortcomings of the Dock Labour Scheme.

Health  
Reforms

Reference:  
(89) 15

THE SECRETARY OF STATE FOR HEALTH said that the British Medical Association (BMA) would be holding a special conference in the following week which, together with a poster campaign, would mark a new phase of their opposition to the Government's proposals for the reform of the National Health Service (NHS). The Association's aim was to persuade the Government to abandon their proposed legislation and to negotiate new proposals with the Association. However, he was encouraged by two developments. The first was the satisfactory settlement of the negotiations with the BMA on a new contract for general practitioners (GPs). The settlement had been achieved without major concessions by the Government and should diminish the readiness of GPs to mobilise in support of the BMA's wider campaign against the NHS reforms. Although some local committees might reject the settlement, the BMA negotiators were confident that the majority of their members would endorse their recommendation that it be accepted. They also knew that the settlement - which applied to Great Britain as a whole and would be followed in Northern Ireland - could not be reopened. Second, more than 100 hospitals and units had expressed interest in acquiring self-governing status. Although this interest had yet to be tested it seemed likely that there would be a much larger number of genuine proposals for self-governing status than he had originally envisaged. The Government would need to make use of this in public statements on the issue. It was clear that a long debate on the Government's proposals lay ahead, but the climate in which it was to be conducted had undoubtedly improved.

In a brief discussion, the point was made that, while the new contract primarily affected the distribution rather than the size of the paybill, the Doctors and Dentists' Pay Review Body would be bound to take account of the new contract arrangements in recommending pay increases next year.

THE PRIME MINISTER, summing up the discussion, said that the new contract for GPs would reward those doctors who were most efficient, who attracted and retained most patients and who achieved performance targets. The Cabinet would wish to congratulate the Secretary of State for Health on the successful conclusion of the negotiations.

The Cabinet -

1. Congratulated the Secretary of State for Health on the successful conclusion of the negotiations on the general practitioners' contract.

European Commission  
Proposals on  
Vehicle Emission  
Standards

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that the European Commission had earlier that week tabled revised proposals on exhaust emission standards for small cars. These proposals involved a two-stage arrangement under which the standards which the Environment Council had previously agreed

should come into force in 1993 should instead operate from 1991, and tighter controls, equivalent to those applying in the United States and elsewhere, should come into force in 1993. There appeared to be an emerging consensus among member states in favour of the adoption of United States standards from 1993. These standards could currently be met only by fitting three-way catalytic convertors. But it was hoped that in some 4-5 years, it might be possible to meet these standards by means of lean-burn engines, which would be more fuel efficient. He had recently had discussions with representatives of Rover, which was planning to produce lean-burn engines and which was working on a new car that was expected to cut fuel consumption by some 25 per cent. He would later that day be seeing representatives from Ford, which had recently opened a plant which was expected in due course to produce some 250,000 lean-burn engines each year.

In discussion, the following main points were made:

(a) The various environmental protection measures which the Government had already agreed to undertake, in particular in connection with the water and sewerage industries, would inevitably lead to higher prices. In considering proposals for any further environmental protection measures, very careful account would need to be taken of the likely impact on prices, especially at a time when the rate of inflation was already too high.

(b) Catalytic convertors consumed more fuel and emitted more carbon dioxide than lean-burn engines, and would thus tend to worsen the greenhouse effect. Catalytic convertors were expensive, had a short life expectancy and were vulnerable to being stolen from parked cars; and there remained a problem of how to dispose of a convertor at the end of its useful life. Catalytic convertors made use of platinum, for which the Soviet Union and South Africa were the only sources, and the establishment of a Community standard which effectively required the use of catalytic convertors could be expected to drive up the price of platinum on the world market. The use of convertors would only provide a temporary and unsatisfactory solution until lean-burn engines were available. Against this background, there was a strong case for resisting the Commission's proposals.

(c) On the other hand, France, which was the only other member state which might oppose the proposals, seemed almost certain to accept them provided that it also secured agreement to the introduction of speed limits throughout the Community. If, in the event, the United Kingdom and France were to block the Commission's proposals, there would be a fragmentation of standards in the market in cars which would be most unwelcome to British manufacturers. The United Kingdom should nevertheless strongly resist the introduction of an intermediate standard in 1991.

(d) Cars sold in this country were grossly overpriced compared with those sold in other Community countries and the United Kingdom should press for Community initiatives to tackle this.

(e) It was possible that, in the future, there would be a growing demand at the lower end of the market for cars fitted with fairly rudimentary diesel engines. British manufacturers would need to be prepared for this.

THE PRIME MINISTER, summing up the discussion, said that it was paradoxical that the Commission should be pressing for tighter vehicle emission standards which, under present technology, could be achieved only at the expense of a worsening of the greenhouse effect and when only an interim period needed to be covered before lean burn technology was available on the mass market. The Cabinet agreed that the United Kingdom should resist the Commission's intermediate-stage proposals for 1991. The Secretary of State for the Environment should take account of the points made in discussion in negotiations on the remainder of the Commission's proposals.

The Cabinet

2. Invited the Secretary of State for the Environment to be guided by the Prime Minister's summing up of the discussion.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that there had been good domestic and press reception following the Government's decision to expel three members of the South African Embassy as a sanction for South African involvement in arms smuggling with Ulster loyalist extremists. The three loyalists, who had been arrested in France, remained under detention there. It was not clear whether the French authorities would have the evidence to prosecute. The Government would need to consider the possibility of extradition, or failing that arrest of the three men under the Prevention of Terrorism Act if they were returned to the United Kingdom. Even then it would be critical whether sufficient usable evidence could be assembled. All the security and judicial authorities concerned on both sides of the Channel were working closely together. The South African Government did not seem likely to retaliate for the expulsion of their Embassy staff, recognising that their involvement with loyalist extremists had been a costly mistake.

THE SECRETARY OF STATE FOR NORTHERN IRELAND said it would be damaging if no charges could be brought against the three men and if they were released and returned to Northern Ireland to the acclaim of their supporters. The fact was that very substantial arms smuggling had occurred. It was important to leave no stone unturned in the effort to bring effective charges.

FOREIGN AFFAIRS

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South Africa:  
Arms Smuggling

Previous Reference  
(89) 15.3

against them. The co-operation between the British and French authorities had been exemplary.

th Atlantic  
ty Organisation  
nit

THE FOREIGN AND COMMONWEALTH SECRETARY said that, in the run-up to the Alliance Summit on 30 May, the United Kingdom position on the need for modernisation of the North Atlantic Treaty Organisation's short range nuclear forces in Europe and to avoid negotiations on such systems remained firm. There were some signs that the Federal German Government was now beginning to accept the need for movement on modernisation, but were not so far prepared to change their position on early negotiations. He would be seeing the German Foreign Minister, Herr Hans Dietrich Genscher, at lunch that day for further discussions at Herr Genscher's request. He had already spoken to the French Foreign Minister, Monsieur Roland Dumas. The French shared British anxiety on the risk of negotiations. But they had so far made no public statement about this, nor had there been any reply from President Mitterrand to the Prime Minister's recent message.

glo-Iranian  
lations

vious Reference:  
(89) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Speaker of the Iranian Parliament, Mr Ali Akbar Hashemi Rafsanjani, had in a declaration the preceding weekend advocated that the lives of five British, American or French men should be taken for every Palestinian killed in the Israeli occupied territories. This threat had provoked strong public condemnation from the European Community and other countries including Japan. The Palestinian Liberation Organisation had also helpfully dissociated itself from Mr Rafsanjani's remarks. As a result of the international outcry Mr Rafsanjani had on 10 May apparently withdrawn these remarks claiming that they had been misquoted. If this was confirmed by examination of the full text of his latest remarks, it would be important to urge Iran to go further and to withdraw all death threats and encouragement to terrorism. In the circumstances it was probably unrealistic and unnecessary to seek to stimulate a fresh round of international diplomatic sanctions against Iran. But the United Kingdom would remain vigilant over Iranians remaining in this country. The dozen or so British citizens still in Iran had been advised to leave.

lobal Climate  
ange

THE FOREIGN AND COMMONWEALTH SECRETARY said that following the meeting chaired by the Prime Minister on 19 April it had been decided that the United Kingdom should promote the idea of an international agreement on climate change. This proposal had been launched by a speech at the United Nations by the United Kingdom Permanent Representative, Sir Crispin Tickell, which had been very well received. The proposal was for a two stage

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initiative: a framework convention containing general statements of principle, to be followed by individual protocols covering specific aspects of the problem as the relevant scientific work came to fruition. It was modelled on the precedent of the international agreement on chlorofluorocarbons (CFCs), where the Vienna Convention had been followed by the Montreal Protocol. The next step was to promote these British ideas at the Governing Council meeting in Nairobi of the United Nations Environmental Programme and to discuss them further in detail with the United States, Canada and the Soviet Union. The chances were that the more practical British initiative would nullify the ill-conceived proposals recently launched by the French Prime Minister, Monsieur Michel Rocard at the Conference in the Hague.

in America

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THE FOREIGN AND COMMONWEALTH SECRETARY said that the visit to London earlier that week of the Nicaraguan President, Senor Daniel Ortega, had redressed the balance of his European tour. Although Senor Ortega had been accorded a somewhat festive welcome by backbenchers in Parliament, he had been given a rather more robust reception by the Government, with the emphasis on the need for deeds not words in returning Nicaragua to genuine democracy and the abandonment of de-stabilising activities. Rapid briefing of the Federal German Government in Bonn might also have helped to stiffen German attitudes toward Senor Ortega. It was far from clear that the warm reception given elsewhere to Senor Ortega would be converted into substantial new aid at the Stockholm Donors Conference.

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In Panama it appeared that General Manuel Noriega had underestimated the degree of fraud which would have been necessary for him to contrive victory in the recent elections. There had been 279 foreign observers present from 21 countries including Mr Steven Norris MP. The unanimous opinion of the observers had been that the elections were fraudulent and that even so the Opposition parties had achieved 70% of the votes. General Noriega had therefore declared them null and void. The United States was now attempting to mobilise international pressure to persuade General Noriega to stand down. Everyone seemed to agree that military intervention to achieve this objective should be regarded as a matter of last resort. The fact that Mr Norris had been in some personal danger during his visit to Panama because of the violence associated with the elections was a timely reminder that Members of Parliament who went abroad for such purposes should be referred to the Foreign and Commonwealth Office for the most up-to-date consular advice.

Elections were also looming in Argentina where there was every likelihood of the Peronists coming to power with possibly dangerous consequences.

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The Cabinet -

Took note.

COMMUNITY AFFAIRS

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ports of  
hormone  
reated Meat

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that some progress had been made towards resolving the problem of imports of hormone treated beef, and it had been agreed to prolong the period set for the work of the task force. Italy, which was the member state most heavily affected by the United States counter-irradiation measures, was not satisfied with the position reached. However, the problem was being contained.

ch Caretaker  
overnment

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Dutch Government remained in place as caretaker but would take no new initiatives in the period prior to the elections to take place in September.

ormal Meeting  
Environment  
nisters 5-7 May

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that at the informal meeting of Environment Ministers on 5-7 May Lord Caithness had expressed scepticism about the proposal by the Commission for a new European Environmental Agency. The Commission appeared to envisage that it would act as a clearing house for technical information but its structure and objectives were by no means clear. Although the proposal had not in general had a very positive initial reception, there was a danger that a majority of member states would in due course go along with it.

eting of the  
mpidou Group

THE HOME SECRETARY said that there was to be a meeting of the Pompidou Group in London in the following week to take forward the process of agreement, through both bilateral and multilateral arrangements, on the confiscation of assets of drug traffickers. The problem of cocaine addiction was also on the agenda. In the background was the potentially still more serious problem of "crack". In discussion it was noted that the availability of cheap supplies of synthetic cocaine, which was exceptionally addictive, had been associated in the United States with major problems of rapid addiction and violence. This form of addiction appeared to apply especially to women. Children of addicted mothers were likely to be born with severe

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damage to their nervous system. The solution to problems in this area might need both to address methods to restrain imports and production and to undertake vigorous health education.

Cabinet Office

21 July 1989

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