



Ref. A083/0637

MR COLES ✓

You will have seen the Prime Minister's copy of the minute which the Foreign and Commonwealth Secretary sent to the Secretary of State for Energy (FCS/83/38) of 22 February about oil prices following his visit to Mexico.

2. In paragraph 4 of that minute, the Foreign and Commonwealth Secretary suggests that it might be useful to hold a meeting of senior officials to consider our reaction to pressures for meetings between OPEC and non-OPEC producers. The Cabinet this morning were inclined to think that we should not get involved in such meetings; but we still need to consider the tactics of that response.

3. A group of senior officials under Cabinet Office chairmanship was set up to consider possible interruptions of oil supplies and then later to implications of oil price reductions. This subject could now be put to this group. If the Prime Minister agrees, you might like to write on the lines of the draft attached.

RA

ROBERT ARMSTRONG

24 February 1983

DRAFT LETTER TO B J P FALL ESQ, FCO

The Prime Minister has seen your Secretary of State's minute of 22 February to the Secretary of State for Energy about oil prices.

The Cabinet on 24 February were inclined to the view that it would not be helpful for the United Kingdom to become involved in meetings between OPEC and non-OPEC producers on the future of oil prices. Nonetheless it would still be useful for officials to work out our considered response to such pressures over the coming weeks. A group was set up under Cabinet Office chairmanship which produced earlier reports on the supply and price of oil. ^{The Prime Minister} ~~She~~ proposes, if your Secretary of State agrees, to ask Sir Robert Armstrong to arrange for this group to be re-convened for the purpose now proposed.

I am sending copies of this letter to the Private Secretaries to other members of OD, the Private Secretary to the Secretary of State for Energy and Richard Hatfield.



JP
Energy

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

MEETINGS BETWEEN OPEC AND NON-OPEC PRODUCERS

Thank you for your minute of 24 February.

The Prime Minister does not think it necessary that the group of senior officials should be reconvened to consider the question of meetings between OPEC and non-OPEC producers. She is clear in her own mind that we should not support the formation of what would effectively be an enlarged OPEC.

A. J. COLES

1 March 1983

JP



10 DOWNING STREET

From the Private Secretary

1 March 1983

OIL PRICES

The Prime Minister has seen your Secretary of State's letter of 25 February to the Foreign and Commonwealth Secretary on this subject.

You may like to know that the Prime Minister has minuted to the effect that we should not support the formation of what would effectively be an enlarged OPEC.

I am copying this letter to the Private Secretaries to the members of OD, and to Sir Robert Armstrong.

A. J. COLES

Julian West, Esq.,
Department of Energy.



10 DOWNING STREET

Tom

I have passed the
this news on
orally to Cabinet
Office, Energy + the
fco.

TJ



No need. We
do not want
to join what
would be
effectively

10 DOWNING STREET

Prime Minister ^{an enlarged} OPEC. ^{No need}
^{for any meeting}
meetings between OPEC and
non-OPEC producers.

Sir Robert Armstrong suggests a
group of senior officials under Cabinet
Office chairmanship to consider this
subject.

2. Nigel Lawson does not want
such a group. He is preparing a
paper for OD colleagues (see
attached letter).

3. Agree that I should tell
Sir Robert that you are content
for this to be handled in OD?

A.T.C. $\frac{25}{2}$.

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cc RS

SECRETARY OF STATE FOR ENERGY

THAMES HOUSE SOUTH
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The Rt Hon Francis Pym MC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

25th February 1983

Dear Secretary of State

OIL PRICES

with 45c

Thank you for your minute of 22 February about your discussions in Mexico.

I agree with you that while there are serious objections to a formal dialogue with other oil producers, and particularly with OPEC, bilateral contracts may be useful. As you know, both Hamish Gray and I are already engaged in a number of Confidential bilateral Ministerial meetings in which we can hear about the concerns of other producers and explain our own position. We will continue to be very ready to exchange views in this way.

I am however preparing a paper which we might discuss in OD on the indications for the UK of possible developments in oil prices, and on how we might react to those developments. I hope that such a paper will give us an opportunity to discuss a number of the points raised in your letter.

I am copying this minute to the Prime Minister, to OD colleagues and to Sir Robert Armstrong.

Yours sincerely
E. Pym

pp NIGEL LAWSON
(Approved by the Secretary of State
and signed in his absence)

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25 FEB 1983

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