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HC(88) 30th
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CABINET

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

THURSDAY 6 OCTOBER 1988

at 10.30 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 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

The 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

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon David Waddington QC MP
Parliamentary Secretary, Treasury

The Rt Hon Peter Brooke MP
Paymaster General

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SECRETARIAT

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

C O N T E N T S

Item	Subject	Page
1.	PARLIAMENTARY AFFAIRS	1
2.	FOREIGN AFFAIRS	
	Soviet Leadership Changes	1
	United Nations General Assembly	1
	Southern Africa	2
	Anglo-Iranian Relations	2
	Gibraltar Inquest	3
	Chile	3
3.	COMMUNITY AFFAIRS	
	EC/New Zealand: Butter and Sheepmeat	4

PARLIAMENTARY
AFFAIRS

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

FOREIGN
AFFAIRS

Soviet
leadership
changes

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the overall result of the leadership changes in the Soviet Union was less radical than appeared at first. There were now four reformers in the Politburo and three members of the old guard. The loyalties of the other five members of the Politburo were uncertain but included elements who favoured economic rather than political reform. It appeared that the position of the President and General Secretary of the Communist Party of the Soviet Union, Mr Mikhail Gorbachev, in carrying forward perestroika was strengthened but he himself was showing signs of impatience with the policy of glasnost as reflected in the criticisms he had faced in Siberia and the attitude of the Soviet press. The irony was that Mr Gorbachev had made these latest changes in a very undemocratic fashion: members of the Central Committee had been summoned peremptorily to Moscow to rubber stamp decisions already taken. Centralised political power had been used in the name of trying to achieve greater economic decentralisation.

United
Nations
General
Assembly

THE FOREIGN AND COMMONWEALTH SECRETARY said that during his recent visit to New York for the United Nations General Assembly he had observed a new atmosphere pervading United Nations work, reflecting the progress which had occurred in finding solutions to the problems in Iran and Iraq, Afghanistan, Cambodia and Southern Africa. The new thinking in Soviet foreign policy introduced by Mr Gorbachev was undoubtedly one factor in this, challenging as it did all the premises underlying Soviet foreign policy hitherto and questioning whether such policies had really been in the Soviet interest. Another very important factor had been the collective leadership demonstrated by the West. This rested on the pattern of good relations and mutual consultation among the allies such as had characterised the last Summit of the North Atlantic Treaty Organisation. The West had thus been able to respond constructively and sensibly to the emergence of new thinking in the Soviet Union. The speeches by the President of the United States, Mr Ronald Reagan, and by the Soviet Foreign Minister, Mr Eduard Shevardnadze to the General Assembly, had reflected much greater similarities of position than previously. The United Kingdom Permanent Representative at the United Nations had assumed the de facto role of co-ordinator of the five Permanent Members of the Security Council. It was the United Kingdom which often took the initiative in calling the five together, as had been done over United Nations Security Council Resolution 598 on the Iran/Iraq war. There had been another meeting of the five Foreign Ministers with the United Nations Secretary General, Mr Perez de Cuellar, on 28 September. The willingness of all concerned to reorganise this meeting at short notice to accommodate the Soviet Foreign Minister's sudden recall to Moscow for the Party Plenum had been

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remarkable. There had been a very sensible discussion at the meeting itself. There was agreement to press on in implementing the ceasefire resolution on the Iran/Iraq war. The question had been raised as to what common action might be possible to bring about a political solution in Cambodia, picking up on the Prime Minister's own statement on this subject. There had been frank discussion of the situation in Angola and the possibility of diplomatic movement more generally in Southern Africa. Meanwhile Soviet withdrawal from Afghanistan was continuing.

Southern
Africa

Previous
Reference:
CC(88) 26.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that there were encouraging signs of movement in several quarters as regards the overall situation in Southern Africa. The Secretary General of the United Nations, Mr Perez de Cuellar, had returned from the region with a sense that changes were afoot over Angola and Namibia. He himself had recently returned from a trip to Africa. The Prime Minister had also seen the President of Zimbabwe, Mr Robert Mugabe. In South Africa the President, Mr P W Botha, had got himself into an illogical position internally. He was frightened of being out-flanked to his political right by the Conservative Party, while simultaneously trying to unscramble the Group Areas Act. Against this background he appeared to be trying to move forward externally. The President of Mozambique, Mr Joaquim Chissano, believed that South Africa was serious in its recommitment to the Nkomati Agreement. Most well-informed observers thought that South Africa was prepared to press on towards independence for Namibia. The two major remaining problems were Cuban troop withdrawal from Angola and internal political reconciliation there. Progress was slow but the chances of reaching agreement on the timetable for Cuban troop withdrawal looked somewhat better. Other major initiatives such as Summit meetings in Southern Africa seemed unlikely. Meanwhile perceptions of the United Kingdom's position on South Africa were shifting in the Government's favour all the time. This was because people recognised the strength of the arguments the Government had been putting, for example in recent speeches by Her Majesty's Ambassador to South Africa, particularly on the effect that punitive economic sanctions would have. The United Kingdom's positive aid to the Front Line States was another important factor in mitigating criticism of British policy.

Anglo-Iranian
Relations

Previous
Reference:
CC(88) 29.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that he had seen the Iranian Foreign Minister, Dr Ali Akbar Velayati, during his visit to New York the previous week. The objectives had been to work very cautiously toward the re-establishment of full diplomatic relations without a precise commitment at this stage as to the time or scale of this. He had naturally also pressed for better treatment for the two British citizens imprisoned in Iran and had raised again the question of British hostages in Lebanon. He had reached agreement in principle with Dr Velayati on 30 September to resume full diplomatic representation in London and Tehran, subject to talks in Geneva between the two sides on

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detailed implementation. Iran was making unreasonable demands over the wording of a joint communiqué. It was therefore not inconceivable that the whole agreement would have to be called off. Notwithstanding British commercial interests in Iran, Iran needed resumption of diplomatic relations more than the United Kingdom. The British media reaction so far had been broadly supportive of the Government's line.

Gibraltar
Inquest
Previous
Reference:
CC(88) 29.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that following the verdict of justifiable homicide returned by the jury in Gibraltar on 30 September on the deaths of three Irish Republican Army terrorists shot by British security forces on 6 March, the reaction of the Irish Government had so far been restrained while they considered the report of their own official observer at the inquest. All those who had been concerned in the organisation and conduct of the Crown's case at the inquest deserved congratulation.

In a short discussion of the next steps with regard to the Thames Television programme "Death on the Rock", it was noted that an independent inquiry was now under way, the result of which would be reported to the Independent Broadcasting Authority (IBA) and published in due course. This process might take some weeks. Thereafter it was for consideration whether any further statement should be made by the Government both on the programme itself and on the IBA's apparent failure to exercise its supervisory role. The episode had completely vindicated the arguments about the danger of media coverage causing contamination of the evidence, to which Mr Justice Salmon had drawn attention after the Aberfan pit disaster in 1968.

Chile

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Government of Chile had conceded that the plebiscite held on 5 October had gone against the President, General Augusto Pinochet, by a margin of 53 to 44 per cent. President Pinochet was likely however to remain in office until March 1990. Congressional elections and a Presidential election were now due in January 1990. It was hoped that the plebiscite represented the first step in a return to democratic government in Chile. The problem was that the opposition parties were very divided among themselves and it might take time for them to rally and for strong opposition candidates to emerge. Although reactions both from pro-Pinochet forces and from the opposition had so far been moderate, there remained a danger that the internal situation would deteriorate and would come to resemble the Philippines after the fall of President Marcos but without the presence of a strong democratic leader such as Mrs Corazan Aquino. If in such circumstances the military were to move in and seize power, Chile's predicament would have come full circle.

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The Cabinet -

Took note.

COMMUNITY
AFFAIRS

C/New
Zealand:
Butter and
Sheepmeat

3. THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that an agreement had been reached late on 4 October on New Zealand exports of butter and sheepmeat to the Community. Not all the details were yet clear and the agreement was subject to ratification by the New Zealand Cabinet and, on the Community side, clearance by the full Commission and the Council. His understanding was that the proposed agreement would cover the four year period 1989-92. For butter there would be a reduction in New Zealand butter exports from the present 74,500 tonnes to 64,500 tonnes in 1989 and progressively to 55,000 tonnes in 1992. There would be a reduction in the butter levy from 25 to 15 per cent. For sheepmeat the ceiling would be reduced from the present 245,500 tonnes to 205,000 tonnes, with the existing 10 per cent tariff reduced to zero. It remained to be seen whether there would be any attempt in the Council to tighten up the detailed provisions of the agreement. His expectation was that for their part the New Zealand authorities would accept it as the best available outcome. For butter the effect of the reduction of the levy taken with the reduced access would be actually to increase New Zealand net returns in the first year. He judged that an outcome on the basis proposed would be acceptable to the United Kingdom dairy industry.

The Cabinet -

Took note.

Cabinet Office

6 October 1988

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