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CC(83) 34th  
Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet  
held at 10 Downing Street on  
THURSDAY 17 NOVEMBER 1983  
at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Leon Brittan QC 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 Scotland

The Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment

The Rt Hon Norman Fowler MP  
Secretary of State for Social Services

The Rt Hon Lord Cockfield  
Chancellor of the Duchy of Lancaster

The Rt Hon Michael Jopling MP  
Minister of Agriculture, Fisheries and Food

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport

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The Rt Hon Viscount Whitelaw  
Lord President of the Council

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 James Prior MP  
Secretary of State for Northern Ireland

The Rt Hon Michael Heseltine MP  
Secretary of State for Defence

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales

The Rt Hon John Biffen MP  
Lord Privy Seal

The Rt Hon Norman Tebbit MP  
Secretary of State for Trade and Industry

The Rt Hon Tom King MP  
Secretary of State for Employment

The Rt Hon Peter Rees QC MP  
Chief Secretary, Treasury



THE FOLLOWING WERE ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

Mr John Gummer MP  
Minister of State, Department of Employment

SECRETARIAT

Sir Robert Armstrong  
Mr A D S Goodall (Items 2-4)  
Mr D F Williamson (Items 2-4)  
Mr G Stapleton (Items 2-4)  
Mr C J S Brearley (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 during the following week.

FOREIGN  
AFFAIRS

Falkland  
Islands

Previous  
Reference:  
CC(83) 30th  
Conclusions,  
Minute 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the vote at the United Nations General Assembly on the Latin American resolution about the Falkland Islands had been broadly the same as in the previous year, with 87 in favour and 9 against and 54 abstentions. The United Kingdom had done well to achieve this result. As in the previous year the United States had voted in favour; but all the Community countries had abstained, Greece having switched from a vote in favour to abstention. Despite their earlier moves to promote a draft which Community countries could support, both France and Italy had abstained; President Mitterand of France had been particularly robust.

The Cabinet -

1. Took note that the Prime Minister would be sending messages of appreciation to President Mitterand and also to the Prime Ministers of Italy and Greece, Signor Craxi and Mr Papandreu.

Argentina

Previous  
Reference:  
CC(83) 33rd  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Prime Minister designate of Argentina, Senor Alfonsin, and several of his colleagues had used uncompromising language about relations with the United Kingdom over the Falkland Islands in the run up to the debate in the United Nations General Assembly. But the advent of a democratically elected Government in Argentina was bound to increase international pressure on the United Kingdom to make concessions on the Falkland Islands issue. While formally resisting such pressure, it would be important to make it clear to the incoming Argentine Government, using Swiss and other channels, that Her Majesty's Government was ready to resume normal commercial relations with Argentina and to co-operate in arrangements for a properly prepared visit to the Falkland Islands by Argentine next-of-kin of those killed in the conflict. It had become clear that the United States Administration would shortly be going ahead with its proposed recertification of Argentina as a country qualified on human rights grounds to buy arms from the United States, but the United States Secretary of Defense, Mr Weinberger, had declared publicly on 10 November that the Americans would not supply Argentina with sophisticated weapons that could be used in a renewed attempt to invade the Falkland Islands. The Government's aim should be to build on this helpful statement so as to ensure close consultation between the United States and British Governments about the types of arms which might be supplied to Argentina, and to seek to postpone any arms supplies for as long as possible. He was in touch with the Chancellor of the Exchequer about the implications of a resumption of American arms supplies for the participation by British banks in international loans to Argentina, and they would shortly be making agreed recommendations on the handling of this problem.



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In discussion it was pointed out that the international loan to Argentina agreed in August was conditional on Argentine readiness to implement measures required by the International Monetary Fund (IMF) and that, as a result of Argentina's failure to meet the IMF's requirements, no drawings had yet been made on the loan. Although participating British banks were contractually bound by the August agreement and primary legislation would be required to relieve them of their obligations, no legislation would be required to enable the Government to prevent British banks from participating in any future loans. It was suggested that, since a decision by the United States to recertify Argentina for the purpose of arms sales would be likely to provoke fierce criticism in the United Kingdom, it was important that the Government should be able to demonstrate that it had done everything possible to dissuade the Americans from this step. At the same time it was recognised that care should be taken not to prejudice the prospects for close consultation with the United States Administration about the scope and timing of any arms supplies, or to create the impression that a recertification decision by itself represented a significant set back for British policies, given that such a decision seemed inevitable and given the reassurance contained in Mr Weinberger's statement.

The Cabinet -

2. Took note.

Cyprus

Previous  
Reference:  
CC(83) 30th  
Conclusions,  
Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the unilateral declaration of independence by the Turkish Cypriots on 15 November had been in prospect for some months. The Turkish authorities, who had sought to dissuade the Turkish Cypriots from this step, appeared to have been taken by surprise by the timing which coincided with the interregnum in Ankara; but, the declaration having been made, the Turkish Government had felt obliged to endorse it. The United Kingdom which, with Greece and Turkey, was one of the three Guarantor Powers under the 1960 Treaty of Guarantee, had initiated action at the United Nations and had called for tripartite consultations with Greece and Turkey. The Turks had agreed, but the Greeks were so far willing to have consultations only with the United Kingdom. The Foreign Ministers of the Community would be meeting the following day to seek to establish a European view. The Government's aim should be to avoid being drawn into escalatory measures such as economic sanctions against Turkey and to prevent the introduction into Cyprus of additional Greek or Turkish troops which were already very substantially in excess of the numbers laid down in the Treaty of Guarantee. Although the Turks were claiming that the Turkish Cypriots' action simply confirmed the status quo and might open the way to progress towards a confederal structure in Cyprus, it was bound to be divisive in the North Atlantic Treaty Organisation and in the European Community. It would also be raised at the Commonwealth Heads of Government Meeting in New Delhi the following week.

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Greece would have strong support both within the United States and within the United Kingdom. The Government would need to steer a careful course to avoid alienating Turkey and to prevent any further deterioration of the situation in Cyprus which might pose a threat to the Sovereign Base Areas. He would be making proposals to this end shortly.

Lebanon

Previous Reference: CC(83) 33rd Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the recent Israeli air raid on the Bekaa Valley had been directed at the base of Islamic Amal, the organisation suspected of responsibility for the earlier bomb attacks on Israeli, United States and French troops. There had been no news so far of the outcome, but the Americans had stressed that there had been no United States involvement. The level of ceasefire violations in Beirut continued to fluctuate, but there was still some prospect of progress in the reconciliation talks in Geneva which were due to resume shortly. The faction of the Palestine Liberation Organisation loyal to Mr Arafat appeared to be on the point of extinction by the Syrians. It was too early to assess the prospects of possible retaliatory action by the United States for the terrorist attack on the American marines: the Government had continued to urge the Americans to do nothing which might jeopardise the reconciliation process and to take no action which could not be justified in terms of self defence. Meanwhile all possible steps would be taken to protect the British contingent to the multinational force which was at heightened risk.

Grenada

Previous Reference: CC(83) 33rd Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United States had advanced the date for withdrawing its troops from Grenada. The Governor General's Advisory Council had been established and six of its members sworn in, although Mr Alister McIntyre, the Grenadian Deputy Secretary General of the United Nations Committee on Trade and Development, had still not finally accepted the invitation to assume the chairmanship. The Governor General, Sir Paul Scoon, had issued a proclamation restoring the rule of law. The British Development Aid team which had visited Grenada had not yet submitted its report. Present indications were that the United Kingdom would not be asked to contribute troops to a peacekeeping force there, but would probably be asked for help with police training.

Disarmament and Arms Control

Previous Reference: CC(83) 32nd Conclusions, Minute 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the Soviet and United States delegations to the intermediate nuclear force (INF) negotiations were still in Geneva. The Russians were expected to remain at least until after the debate in the West German Bundestag on 21 and 22 November. The Soviet negotiator had floated informally a suggestion that the Russians reduce their SS20 missiles in Europe in exchange for no North Atlantic Treaty Organisation deployment of cruise



missiles or Pershing 2s. This would still leave the Soviet Union with a monopoly of INF in Europe and was unacceptable. The United States negotiator had tabled a proposal for a global ceiling of 420 missile warheads for the United States and for the Soviet Union, of which the Americans would deploy only two-thirds of their share in Europe.

THE SECRETARY OF STATE FOR DEFENCE said that, as he had announced in Parliament, the first cruise missiles had been delivered in the United Kingdom on 14 November. This reflected a last minute change from the agreed date of 15 November which had been leaked to the press the previous weekend. The change of date had been made entirely at British initiative, with American agreement. Deliveries were proceeding smoothly and the hostile demonstrations at the Greenham Common base were being kept under control.

The Cabinet -

3. Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Special Council of Ministers, at which he had been accompanied by the Minister of Agriculture, Fisheries and Food and the Economic Secretary, had met on 9-11 November. There had been intensive discussions on all the issues for decision at the European Council in Athens on 5 and 6 December. Some progress had been made on the central problem of the budgetary safety net, although there was still a long way to go. In spite of the Commission's unhelpful attempt to redefine the size of the problem, the United Kingdom had been reasonably successful in keeping the discussion on the basis of the existing figures. He felt that it could be possible to put together a package at the European Council which would meet British objectives in this area. On the strict financial guideline, while there was a general recognition of the need for an effective constraint on agricultural spending, it was likely to be difficult to secure a commitment which would be legally binding. It should however be possible to secure the substance of the United Kingdom's objectives. The Greek Presidency had proposed an increase in own resources on the basis of a value added tax as high as 1.8 per cent, but had proved unable to justify it when challenged. The United Kingdom's position that we would not agree to an increase in own resources unless our two conditions were met was clearly understood.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that Agriculture Ministers at the Special Council had discussed a Presidency paper and had looked at a revised version in the Council of Ministers (Agriculture) on 15 November. The aim had been to set out the issues for the European Council with the minimum area of dispute. The United Kingdom had therefore sought to reduce the Presidency's unwieldy document by concentrating on the major issues and eliminating those which were better left to the price fixing negotiations. The area of

COMMUNITY AFFAIRS

Community Budget and United Kingdom Refunds

Previous Reference: CC(83) 33rd Conclusions, Minute 3



greatest difficulty seemed likely to be milk, where the European Council would have to decide whether to deal with the surplus through the price and guarantee threshold, as the United Kingdom wanted, or through the super-levy supported by other member states; a particular area of difficulty for the United Kingdom would be the base period. On cereals there was agreement that Community prices should be brought closer to other production areas such as the United States. The United Kingdom was strongly opposed to the proposed limitation on imports of cereal substitutes; on his recent visit to the United States, it had been clear that the United States would retaliate if such limitations were imposed. He was hopeful that with German, Danish and Dutch support the United Kingdom would succeed in killing the proposal for a tax on imports of oils and fats, and that the European Council would not be asked to consider individual commodities other than milk and cereals. The proposed elimination of monetary compensatory amounts, on which France felt strongly and where the United Kingdom was opposed to the inflationary German suggestion that they should be realigned on the strongest currency, would however have to go to the European Council.

THE PRIME MINISTER said that it was desirable that the European Council should concentrate on the major issues like the budgetary safety net, the strict financial guideline and milk, on which there were fundamental disputes. She was glad to hear that work had already begun to prepare contingency plans in the event of a breakdown of these discussions in December.

THE FOREIGN AND COMMONWEALTH SECRETARY reported that when the Commission had considered the regulations giving effect to the United Kingdom's 1983 Budget refunds the previous day three unidentified Commissioners had blocked them. apparently in order to hold them up for political reasons until after the European Council. He had spoken to Mr Thorn, the President of the Commission, who appreciated the importance of implementing the Stuttgart Agreement. The United Kingdom would continue to press the Commission to put matters right.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the Council of Ministers (Agriculture) on 14-15 November had agreed the common agriculture research programme 1984-88; the United Kingdom had succeeded in securing agreement to half the Commission's originally proposed funding. The United Kingdom had also been instrumental in getting a reduction in the proposed olive oil consumption aid. The United Kingdom's proposed extension of less favoured areas had again been blocked by France, Germany and Denmark for political reasons, but he would continue to press the British case. The French and Irish had also been unhelpful on the 1984 import quota for New Zealand butter, which he intended to raise again at the next Council meeting.

The Cabinet -

Took note.

Agriculture  
Previous  
Reference:  
CC(83) 30th  
Conclusions,  
Minute 3



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ECONOMIC  
AFFAIRS

4. THE SECRETARY OF STATE FOR DEFENCE recalled that on a number of occasions he had proposed that the Cabinet should be given more information by the Treasury as a basis for considering proposals made by the Chancellor of the Exchequer on the management of the economy and on public expenditure. In this connection he drew the Cabinet's attention to a statement in a broadcast lecture by a recently retired Permanent Secretary to the Treasury, to the effect that it was a matter of astonishment to him that successive Cabinets should have acquiesced in the procedure whereby the Budget was presented to the Cabinet as a fait accompli, and that, though today things were somewhat better, "the Cabinet as a whole remains at a disadvantage vis-a-vis the Chancellor of the Exchequer, who keeps his powerful control of the sources of official information and advice."

The Cabinet -

Took note.

Cabinet Office

17 November 1983

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