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OD(80) 11th Meeting

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at  
10 Downing Street on TUESDAY  
15 APRIL 1980 at 4.00 pm

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Lord Hailsham  
Lord Chancellor

The Rt Hon Lord Carrington  
Secretary of State for Foreign  
and Commonwealth Affairs

The Rt Hon Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Francis Pym MP  
Secretary of State for Defence

The Rt Hon Sir Ian Gilmour MP  
Lord Privy Seal

The Rt Hon John Nott MP  
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry

The Rt Hon David Howell MP  
Secretary of State for Energy

The Rt Hon Sir Michael Havers QC MP  
Attorney General

Mr Timothy Raison MP  
Minister of State  
Home Office

Sir John Graham  
HM Ambassador, Iran

SECRETARIAT

Sir Robert Armstrong  
Mr R L Wade-Gery  
Mr C H O'D Alexander

SUBJECT  
IRAN

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MEMOS.



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IRAN

Previous Reference OD(80) 10th Meeting, Item 1

The Committee considered a memorandum by the Foreign and Commonwealth Secretary (OD(80) 35) recommending measures which should be discussed with Britain's allies in the light of the United States appeal for support in imposing sanctions and other means of pressure on Iran over the hostages issue. They also had before them a note by the Secretaries (OD(80) 34) covering an analysis by officials of British interests in the new circumstances and of the specific proposals made by the United States Government.

THE FOREIGN AND COMMONWEALTH SECRETARY said that diplomatic action had not produced any satisfactory alleviation of the crisis over the American hostages in Tehran. Public opinion in the United States was becoming very critical of the lack of support from America's allies. This was unfair, and there was a regrettable degree of confusion in American minds over the inter-relationship between the Iranian and Afghan crises. None of the measures which would now have to be considered were very likely to help towards the release of the hostages. Economically they were likely to be damaging and politically they would constitute a dangerous precedent. It was nevertheless generally accepted that such measures would have to be taken if serious damage to the Western Alliance was to be avoided.

In discussion there was general support for the approach set out in the Foreign and Commonwealth Secretary's memorandum. The following points were made.

a. HM Ambassador would shortly be returning to Tehran, before his proposed recall. The British Embassy staff could be reduced to less than 10, but it would be difficult to continue at that level for more than a few weeks. British subjects in Iran had already been warned of the danger of staying. Those who now remained were unlikely to leave even after a further warning, and there was a reasonable prospect that they would be able to manage.

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b. Provided the British Embassy staff were reduced to the minimum envisaged, there would be positive advantage in imposing a visa requirement for Iranian visitors to the United Kingdom.

c. A de facto embargo on British arms exports was already being operated. It would be costly, and credit for this fact should be taken with the Americans. An export licence for the fleet replenishment ship Kharg would have to be refused. That would involve Swan Hunters in expenses for which they would expect to be compensated.

d. Oil supplies would in any case be cut off by Iran if Britain imposed sanctions. But a British decision to suspend oil imports from Iran was likely to be required in a shorter timescale. Only imports to Britain would be affected, not Iranian oil acquired by British oil companies for other destinations. The possibility of seeking replacement supplies for British Petroleum from other Middle Eastern sources was under consideration. Because other Western countries were more dependent than Britain on Iranian oil, it might be tactful for the British Government to avoid taking the lead in advocating an embargo. No oil embargo had been involved in the sanctions resolution vetoed by the Soviet Union at the United Nations.

e. None of the measures listed in paragraph 7 of the Foreign and Commonwealth Secretary's memorandum would require legislation. But the measures in his paragraph 8 would do so. In areas where action was already being successfully taken on the basis of persuasion by the Government, there were arguments both for and against reinforcing such persuasion by legal powers. The question of national powers to legislate in areas of European Community competence was being further examined. The option of proceeding instead by Community legislation under Article 113 of the Rome Treaty was unattractive, not least because Community legislation would be mandatory whereas national legislation could take the form of an enabling power to act at the Government's discretion.

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f. Although an export embargo was the most important of the measures considered in the Foreign and Commonwealth Secretary's paragraph 8 significant disadvantages would also be involved in acting as proposed in his paragraph 8ii and 8iii. Further consideration would need to be given to the serious consequences of an export embargo for Talbot Cars. The Export Credits Guarantee Department would also suffer losses, as would uninsured exporters.

g. The idea of boycotting international meetings at which Iran was represented was not included in the measures to be considered because of the dangerous precedent it would set. But if other means could be found of causing the Iranians comparable loss of face, this might have more effect on their policy over the hostages than more directly punitive measures.

THE PRIME MINISTER, summing up the discussion, said that there was no alternative to the general policy set out by the Foreign and Commonwealth Secretary in his memorandum. He should arrange for the various possible measures to be discussed with Britain's allies. At the European Community Foreign Affairs Council on 21 April he would have discretion to agree to the measures listed in his paragraph 7; and to explore those listed in his paragraph 8. No measures should be taken unless they were agreed by all major Western countries, including Japan. He should consult further with herself if the attitude of the French made it necessary to consider acting on a consensus in which they were not included. He should also set in hand contingency arrangements for domestic legislation on the measures listed in his paragraph 8. Legislation should be narrowly drawn, should be linked directly to the hostages issue and should lapse when the crisis was resolved. Action under Community legislation should be avoided if at all possible, ie unless it was the unanimous wish of the other member Governments. A freeze on Iranian assets, as described in his paragraph 9i, should be ruled out. Further consideration could if necessary be given to the possibility of a freeze in the terms of his paragraph 9ii; but even in those circumstances there might on balance be advantage in allowing Iranian deposits to be withdrawn.

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The Committee -

1. Took note with approval of the Prime Minister's summing up of their discussion.
2. Invited the Foreign and Commonwealth Secretary to be guided by it in proceeding with the course of action proposed in his memorandum OD(80) 35.
3. Invited the Foreign and Commonwealth Secretary and the Lord Privy Seal to consult the Chancellor of the Duchy of Lancaster and the Parliamentary Secretary, Treasury, about the possibility of legislation as envisaged.
4. Invited the Secretary of State for Trade, in consultation with the Secretary of State for Industry and the Chancellor of the Exchequer, to arrange for an estimate to be made of the likely economic cost to Britain of the measures under consideration.
5. Invited the Secretary of State for Industry to consider whether there were any possible ways of alleviating the effect which an export embargo would have on Talbot Cars.
6. Invited the Secretary of State for Industry to consider how to accommodate the costs in which Swan Hunters would be involved because no export licence could be issued for the Kharg.
7. Invited the Secretary of State for Energy to take action with British oil companies on the lines envisaged in paragraph 10 of the Foreign and Commonwealth Secretary's memorandum.

Cabinet Office

16 April 1980

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