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OD(80) 12th Meeting

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at  
10 Downing Street on  
THURSDAY 24 APRIL 1980 at 5.30 pm

PRESENT

The Rt Hon Margaret Thatcher  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

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

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 David Howell MP  
Secretary of State for Energy

The Rt Hon John Biffen MP  
Chief Secretary  
Treasury

Sir Ian Percival QC MP  
Solicitor General

The Rt Hon Michael Jopling MP  
Parliamentary Secretary  
Treasury

Viscount Trenchard  
Minister of State  
Department of Industry

SECRETARIAT

Sir Robert Armstrong  
Mr R L Wade-Gery  
Mr R M Hastie-Smith

CONTENTS

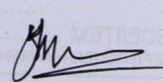
Item No	Subject	Page
1	IRAN	1
2	SAUDI ARABIA	6

**CONFIDENTIAL**

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
MEMOS  
13  
14  
3  
15



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- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- MEMOS
- 13
- 14
- 15

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2. SAUDI ARABIA

THE SECRETARY OF STATE FOR TRADE said that he had just had a meeting with the Saudi Minister of Commerce, Dr Solaiman al-Sulaim, who would be in London until 27 April. It was clear that the Saudi Government's anger over the British television film "Death of a Princess" was likely to have serious effects on British commercial prospects. GEC's letter of intent for a turbine generator contract had already been withdrawn. Saudi Arabia was one of Britain's largest export markets; and the current period, when the next development plan was due to be announced, was particularly crucial. He had discussed with the Saudi Minister of Commerce various steps which might be taken to moderate Saudi opinion. It was clear that the Saudi Government, while they understood the British Government's inability to prevent the film being shown, considered that more efforts in that direction ought to have been made. It seemed likely that a suitable message from the Prime Minister to Prince Fahd could play an important part in limiting the potential damage.

THE PRIME MINISTER, summing up a short discussion, said that the Committee recognised the seriousness of the situation which had arisen. She would be willing to consider sending a personal message as suggested, subject to further consultation with the Foreign and Commonwealth Secretary and with the Secretary of State for Trade.

The Committee -

Invited the Foreign and Commonwealth Secretary, in consultation with the Secretary of State for Trade, to advise the Prime Minister on whether a message to Prince Fahd would be an appropriate gesture, and if so on what terms.

Cabinet Office  
25 April 1980

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FCS/80/79

OD COLLEAGUES

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24 APR 1980  
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*V. ...*

*cc Mr. Wadd-Cox  
Mr. Hashio-Suzuki*

Iran

1. Following the meeting of OD on 15 April, I attended the meeting of the Foreign Ministers of the Nine in Luxembourg. A copy of the decision which we adopted is attached. Statements on this were made to both Houses of Parliament on 23 April.

2. The Ambassadors of the Nine will return to Tehran to convey our views to the Iranian President. It is envisaged that this will happen on 28 April. On the same day the Iranian Charge d'Affaires will be handed a Note at the Foreign and Commonwealth Office requiring him to reduce the number of Iranian staff in the Iranian Embassy and Consulates and giving him notice of HMG's wish to suspend the terms of the Visa Abolition Agreement between Britain and Iran. FCO officials are in touch with their counterparts in the Home Office about the details.

3. I hope that Japan and other major Western countries will associate themselves with the actions of the Nine. The Japanese Foreign Minister was in Luxembourg and I was able to explain to him the thinking behind our actions. We are following this up in Tokyo. We shall also be following up in other capitals to seek support for the Declaration of the Nine. A number of other questions arise from the decision which need urgent inter-departmental study. My colleagues may wish to give guidance for the work at official level both in Whitehall and with our Community Partners, which is now needed. The main questions are:-

- (a) Cabinet agreed on 17 April not to reinforce existing voluntary measures in the financial field even though the vetoed Security Council Resolution provided for such reinforcement. The Luxembourg text as adopted avoids reference to

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CONFIDENTIAL

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
MEMOS  
13  
14  
15



of whom have sizeable on-going projects in Iran, argued at Luxembourg that any Government obliging 'all the measures' in the Security Council Resolution. But, although the French supported me in leaving this reference vague, no-one else seemed disposed to refrain from legislating in the financial field. We shall need, therefore, in order to avoid misunderstanding, to explain to our European partners and to the Americans that our reluctance to legislate does not alter our determination to continue to implement these measures on a voluntary basis.

(b) Should the legislation to be adopted provide for compensation of firms whose interests are affected by the decision on sanctions? The Americans seem disposed to contemplate such compensation. Instances of the Iranian authorities calling the performance bonds of British firms have already been brought to the FCO's attention. Although the interruption of trade in cases such as this, where the Government has had to take international action in support of foreign policy objectives, has not traditionally led to compensation for the firms affected, there is a danger that our action will compare unfavourably with that of the Americans and our own unwillingness to offer compensation could even affect the ease with which we can pass the necessary sanctions legislation through Parliament.

(c) Should the proposed ban on exports to Iran affect only contracts concluded after 22 April, or existing contracts also? HMG's understanding of the vetoed UN Resolution was that, while existing Service Contracts would be exempted, existing contracts for the export of goods would be caught. The French, Germans and Italians, all

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16

17

18

19

20

21

22

23

24

25

26

27

MEMOS.

13

14

15



of whom have sizeable on-going projects in Iran, argued at Luxembourg that any Government obliging a firm to break existing contracts without the protection of a Security Council Resolution or even a final judgement by the ICJ, would be liable for heavy damages. I expressed the view that sanctions affecting only future contracts would invite ridicule from the United States and from public opinion in Europe. After an intervention by the Commission pointing out that firms obliged by national legislation to break existing contracts could seek recourse to their insurers, it was eventually agreed to add a phrase saying that sanctions would be imposed 'in accordance with the provisions of international law.' Experts are to meet on Friday afternoon in Brussels to examine this question further.

4. I am sending a copy of this minute to Keith Joseph, David Howell and Norman St John-Stevas, and to Sir Robert Armstrong.

*C*  
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(CARRINGTON)

Foreign and Commonwealth Office

23 April 1980

16

17

18

19

20

21

22

23

24

25

26

27

MEMOS

13

14

15

DECLARATION BY THE FOREIGN MINISTERS OF THE NINE ON IRAN

16

17

18

19

20

21

22

23

24

25

26

27

MEMOS

13

14

15

The Foreign Ministers of the nine Member States of the European Community meeting in Luxembourg on 22 April discussed the implications of the recent events in Iran in the light of the reports by their ambassadors following the démarche to the president of Iran decided upon by the Foreign Ministers at their meeting in Lisbon on 10 April.

*Refer*

2. The Foreign Ministers expressed the solidarity of the Nine with the Government and people of the United States at this time of trial.

3. While welcoming the visit by the ICRC to the hostages on 14 April and noting the assurances given by President Fani Sadr as to the living conditions of the hostages, the Foreign Ministers expressed their profound regret that the Iranian Government has been unable to give precise assurances about the date and methods by which the hostages would be released. The Iranian Government continues to ignore the clear call of the UN Security Council and the International Court of Justice to bring to an end a flagrant violation of international law and release the hostages.

4. Since the hostages were first detained the Nine, fully respecting the independence of Iran and the right of the Iranian people to determine their own future, have insisted that they must be released. The fact that after six months they are still detained, despite the efforts of the Nine and the clear condemnation by the community of nations, is intolerable from a humanitarian and legal point of view.

The Foreign Ministers of the Nine, deeply concerned that a continuation of this situation may endanger international peace and security, have decided to request their national parliaments immediately to take any necessary measures to impose sanctions against Iran in accordance with the Security Council resolution on Iran of 10 January 1980, which was vetoed, and in accordance with the rules of international law.

They believe that these legislative processes should be completed by 17 May, date of the Foreign Ministers' meeting in Naples. If by that time there has not been any decisive progress leading to the release of the hostages, they will jointly implement sanctions.

Steps will be taken within the Community in order that the implementation of the measures decided upon should not obstruct the proper functioning of the Common Market.

The Ministers consider that, as of now and pending the entry into force of the measures mentioned above, no new export or services contract with persons or organizations in Iran should be concluded.

The Foreign Ministers decided meanwhile to put into effect without delay the following measures, to the extent that they are not already in force:-

- (i) reduction in Embassy staffs in Tehran;
- (ii) a reduction in the number of diplomats accredited by the Government of Iran in their countries;
- (iii) the reintroduction of a visa system for Iranian nationals travelling to member countries of the Nine;
- (iv) the withholding of permission for the sale or export of arms or defence-related equipment to Iran.



7. The Foreign Ministers instructed their ambassadors to return to Teheran in the interval in order to convey the present decision to the Iranian government, to follow the situation, and to undertake all possible efforts to alleviate and improve the living conditions of the hostages pending their release.

They expressed the hope that the Iranian authorities would act along the lines suggested in this statement.

8. The Foreign Ministers of the Nine, believing that this situation should be a matter of concern to the whole international Community, call upon other governments to associate themselves with these decisions.

9. The Foreign Ministers decided immediately to contact the Government of the United States through the Presidency and to inform it of the decisions taken by them.

- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- MEMOS
- 13
- 14
- 3
- 15