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CABINET

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

THURSDAY 26 APRIL 1984

at 10.00 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 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 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 Rt Hon Nicholas Ridley MP
Secretary of State for Transport

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon John Wakeham MP
Parliamentary Secretary, Treasury

The Rt Hon Baroness Young
Minister of State, Foreign and
Commonwealth Office (Items 1-3)

Mr Richard Luce MP
Minister of State, Foreign and
Commonwealth Office (Item 4)

Mr John Gummer MP
Minister of State, Department of Employment

SECRETARIAT

Sir Robert Armstrong
Mr A D S Goodall (Items 1-4)
Mr M S Buckley (Item 5)
Mr G Stapleton (Items 2-4)
Mr C J S Brearley (Item 1)

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1. The Cabinet were informed of the business to be taken in the House of Commons during the following week. There was a need for an early debate on Hong Kong following the Foreign and Commonwealth Secretary's visit to Peking and the colony. There would, however, be considerable difficulties, not least for the delivery of Government legislation to the House of Lords, in arranging a debate the following week, and it was envisaged that the debate would be arranged for the week of 14 May.

The Cabinet -

Took note.

2. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG), said that the Foreign and Commonwealth Secretary had visited Peking from 15 to 18 April and Hong Kong from 18 to 20 April. In Peking he had had talks with the Chinese Foreign Minister, Mr Wu Xueqian, the Head of the Hong Kong and Macau Office of the State Council, Mr Ji Pengfei, the Chinese Prime Minister, Mr Zhao Ziyang, and the Chairman of the Central Advisory Committee of the Chinese Communist Party, Mr Deng Xiaoping. The atmosphere of the talks had been good. On substance the Chinese had been predictably tough. Although they had described the British draft Agreement as unacceptable and pressed the merits of their own draft, they had agreed that both drafts should remain on the table for further discussion. They had shown no flexibility on the various outstanding issues to be covered in the Agreement, but Mr Deng Xiaoping had made an important concession on the timetable by agreeing that the aim should be to arrive at an agreed text of the Agreement by September, allowing time for Parliamentary consideration in November and signature by the end of the year. The timing of ratification remained to be discussed. Mr Deng Xiaoping had also said that China intended to station a garrison in Hong Kong after 1997 of the same proportions as the present British garrison in order to demonstrate Chinese sovereignty. The Foreign and Commonwealth Secretary had registered serious British concern at this intention. On transitional arrangements prior to 1997, the Chinese, in response to the British suggestion that the proposed joint committee of officials should meet in Peking rather than in Hong Kong, had suggested meetings rotating between Peking, Hong Kong and London. In Hong Kong, the Foreign and Commonwealth Secretary's public statement about the course of the negotiations with the Chinese, in which he had made it clear that a continuation of British administration after 1997 was unlikely to be achievable, had been received soberly, and the unofficial members of the Executive Council had expressed appreciation for the firmness he had shown in his talks with the Chinese. But prices had fallen sharply on the Hong Kong Stock Exchange and the Governor had reported much underlying concern on the issues of nationality, right of

settlement in the United Kingdom and the long-term future of the public service and the police. The Foreign and Commonwealth Secretary believed that his visit to Peking had opened a new phase in the negotiations with the Chinese in which there would be a need to maintain tactical flexibility.

THE PRIME MINISTER, summing up a short discussion, noted that the Foreign and Commonwealth Secretary would be consulting his colleagues on his return to the United Kingdom about the next steps. The risk of an immediate confrontation with the Chinese had been successfully averted but very difficult issues remained to be resolved. Parliamentary attention was likely to focus on the question of access to the United Kingdom for those wishing to leave Hong Kong. There was likely to be some pressure on the Government to show flexibility on this issue, which would have to be resisted. But it was clearly right that the Foreign and Commonwealth Secretary should make an early report to Parliament in the light of his visits to Peking and Hong Kong, and that Parliament should have an opportunity to debate it.

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that following a meeting in Buenos Aires on 19 April between the Swiss Ambassador and the Argentine Foreign Minister, Senor Caputo, there had been a meeting in Paris on 24 April between the latter and the Swiss State Secretary, Mr Brunner, to discuss the Argentine response to the British Government's message delivered through the Swiss on 6 April. Senor Caputo had emphasised the Argentine Government's wish to establish a dialogue with the United Kingdom, and had expressed himself willing to meet the Foreign and Commonwealth Secretary informally at any time. But he had accepted Mr Brunner's advice that it would be better to start with a meeting between Ambassadors in Berne. Subject to the agreement of the President of Argentina, Senor Alfonsin, (which was still awaited) Senor Caputo had agreed that the Swiss should take the initiative to arrange such a meeting on the understanding that there should be no fixed agenda and no prior declarations or preconditions. He did not envisage a formal Argentine reply to the British message. The Foreign and Commonwealth Office was now giving careful consideration to the outcome of the Paris meeting. If it were decided to go ahead with the proposed meeting in Berne, it would be necessary to restate the British understanding that sovereignty could not be discussed, either now or later, and to make it clear that if the Argentines sought to raise the subject the talks would cease.

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the Falkland Islands Civil Commissioner, Sir Rex Hunt, had accepted the Government's offer of help in setting up a Commission of inquiry into the recent fire at the King Edward Memorial Hospital at Port Stanley. Several of the Commissioners were being appointed from outside the Islands so as to ensure that justice was seen to be done, and a member of Her Majesty's Inspectorate of Fire Services was in Port Stanley investigating the technical aspects of the cause of the fire. The

Commission of Inquiry would start public hearings on 24 May and an announcement to this effect would be made shortly. Fire precautions in other places of public assembly in the Falkland Islands would be subject to expert review. An interdepartmental group of senior officials, under Foreign and Commonwealth Office chairmanship, had been established to co-ordinate policy in relation to the administration of the Falkland Islands.

Cyprus

Previous
Reference:
CC(83) 36th
Conclusions,
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that the Cyprus problem had entered a new phase following the exchange of "Ambassadors" between Turkey and Northern Cyprus, as a result of which the Government of Cyprus had appealed to the United Nations Security Council on 19 April against what they described as flagrant Turkish violation of Security Council Resolutions. The Security Council debate which was due to begin on 1 May was unlikely to be helpful. The Government's objective would be limited to securing a Resolution for which the United Kingdom could vote.

Angola

Previous
Reference:
CC(84) 15th
Conclusions,
Minute 2

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, said that contact had been reopened with the representative in London of the Union for the Total Independence of Angola (UNITA) following his return from Angola with an authoritative reply from the UNITA leadership to the Government's proposal to send an emissary to the UNITA headquarters to secure the release of the British hostages. In accordance with UNITA wishes, the emissary would be a senior official of the Foreign and Commonwealth Office and the UNITA representative had confirmed that the British hostages would be allowed to return to the United Kingdom with him. No date had yet been agreed for the emissary's visit, but it would take place as soon as possible.

The Cabinet -

Took note.

COMMUNITY
AFFAIRS

Community
Budget and
United
Kingdom
Refunds

Previous
Reference:
CC(84) 15th
Conclusions,
Minute 3

3. THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (BARONESS YOUNG), reported that Commissioner Davignon was continuing to work on his idea for a proposal to promote some movement in the negotiations on the reform of the Community's finances. He had had further meetings with the French and had discussed it with his colleagues on 25 April. He recognised, however, that no progress was likely before the Prime Minister's meeting with the French President on 4 May. The United Kingdom's aim would be to seek to keep intact the existing measure of agreement on the system of compensation and to make progress at the Council of Ministers (Foreign Affairs) on 14-15 May. While it was not clear whether the French President wanted an agreement before the European Parliamentary elections, it would be to the United Kingdom's advantage to reach a settlement during the French Presidency. On the expected shortfall of 2.7 billion ecu in

the Community's 1984 budget the Commission had made a proposal for dealing with this by means of a loan from member states. The United Kingdom would continue to insist that economies must be made to keep expenditure in 1984 within the existing budgetary provision and to press for a close examination of the justification for the Commission proposal, in order to ensure that the eventual solution was at the lowest possible cost to the United Kingdom.

The Cabinet -

Took note.

Agriculture
Previous
reference:
C(84) 15th
conclusions,
minute 3

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that following his discussion with colleagues after Cabinet on 12 April his Ministry and the Milk Marketing Board had written to milk producers about the milk quota/super levy scheme giving them their provisional delivery quotas for the year from 2 April 1984 and explaining that a reserve quantity had been set aside which would be allocated later to deal with special cases. He was, however, unable to make his full dispositions because the Commission were being dilatory in agreeing the detailed rules of the scheme. He had sent a message to Commissioner Dalsager emphasising the need to make progress and Commissioners were discussing the relevant document that day.

The Cabinet -

Took note.

HOME AFFAIRS
Student
incursion
in Iranian
consulate
in London

4. THE HOME SECRETARY said that a room in the Iranian Consulate in London had been occupied that morning by nine Iranian students who had barricaded themselves in. There were indications that the students were unarmed and the prospects for ending the incident peacefully appeared good.

Libyan
People's
Bureau in
London
Previous
reference:
C(84) 12th
conclusions,
minute 2

THE HOME SECRETARY said that in his statement in the House of Commons the previous day he had described the sequence of events following the shooting incident at the Libyan People's Bureau in St James's Square on 17 April in which a woman police constable had been killed. The indications were that the current negotiations would lead to the return of all British diplomatic personnel and their departments from Libya, and the departure from the United Kingdom of all Libyan official personnel, by the deadline of midnight on 29/30 April which the Government had set. Until that had been achieved the situation remained delicate. A Libyan Deputy Minister, Colonel Shaibi, was in

London conducting the negotiations on the Libyan Government's behalf and discussing the modalities for the Libyans' departure. Although there was still much uncertainty, it was hoped that British Embassy dependents and some female junior staff would leave Libya that day; that the Ambassador and male members of the staff would follow shortly; and that the Libyans would leave the United Kingdom in stages on the following two days. It would be important to synchronise the departures so as to ensure that no British official personnel remained in Libya as potential hostages. Arrangements were in hand to interrogate the Libyans before their departure but this could not be insisted upon if the Libyans refused. It had been agreed not in effect to discriminate between diplomatic and non-diplomatic personnel from the Libyan People's Bureau; nor could Libyan diplomatic bags or baggage be opened. But all Libyan official buildings in London would be secured by the police after the Libyans' departure and would cease thereafter to enjoy any diplomatic immunity. Italy had agreed to act as protecting power for the United Kingdom in Libya and Saudi Arabia would act for Libya in London. It was hoped that two British consular officials would be able to continue to operate from the Italian Embassy in Tripoli; in that event it would be necessary to allow two Libyan officials to do the same from the Saudi Arabian Embassy in London, if the Libyan Government so requested, provided that the officials nominated were acceptable. All applications from Libyans to enter the United Kingdom were being closely scrutinised. The events described had raised serious questions about the operation and enforceability of the Vienna Convention on Diplomatic Relations. These questions would be reviewed by the Foreign and Commonwealth Secretary, who would be considering whether to make proposals to the appropriate international forum for any changes.

The Cabinet -

Took note.

5. THE SECRETARY OF STATE FOR ENERGY reported to the Cabinet on the latest position in the coal industry dispute. The Cabinet's discussion is recorded separately.

~~CONFIDENTIAL~~
The Observer
THE PRIME MINISTER said that Ministers were likely to be questioned about the Government's attitude to the suggestion, which had been the subject of widespread speculation in the media, that Mr Robert Maxwell might acquire ownership of The Observer. Such an acquisition would be referable to the Monopolies and Mergers Commission (MMC) unless the Secretary of State for Trade and Industry was satisfied that a reference could lead to the closure of the newspaper. No formal application had been made to the Government concerning the possible acquisition; and public statements by Ministers should go no further than drawing attention to that fact. If application were made, the Secretary of State for Trade and Industry would be free to consult his colleagues about any general questions of public policy interest that it might raise; but whether or not to make a reference to the MMC was a decision for which he had sole responsibility.

The Cabinet -

Took note.

Cabinet Office

26 April 1984

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CABINET

LIMITED CIRCULATION ANNEX

CC(84) 16th Conclusions, Minute 5

Thursday 26 April 1984 at 10.00 am

THE SECRETARY OF STATE FOR ENERGY said that on 19 April the National Union of Mineworkers (NUM) had held a Special Delegate Conference. This had approved a reduction in the majority required to authorise a national strike from 55 per cent to a bare majority, but had not proposed to arrange a national ballot. Instead, the Delegate Conference had endorsed the policy of the union's National Executive of trying to achieve a national strike through local action. Heavy pressure had been brought to bear on the Nottinghamshire area to join the strike. The President of the NUM, Mr Scargill, and the General Secretary, Mr Heathfield, had toured the area the previous day to reinforce this pressure, but it appeared to have been ineffective: the great majority of pits in the Nottinghamshire area continued to work normally. In the country as a whole, there were encouraging signs that miners were losing enthusiasm for the strike. 46 pits were working normally, two were close to this, and a further four were producing at least some coal. Over 500,000 tons of coal had been moved the previous week. The railways had found ways of avoiding or overcoming the difficulties created by staff who had refused to allow movements of coal trains, and were now moving virtually all the coal offered to them. It would be a mistake to try to increase the level of coal deliveries by special measures which might provoke industrial action by the railway trade unions. It was understood that Mr Scargill intended shortly to meet those unions in an attempt to persuade them to restrict coal deliveries.

During the previous week there had been a meeting of the coal industry's national consultative council, attended by the National Coal Board (NCB) and two of the industry's three trade unions: the NUM had refused to come. In response to questions, the Chairman of the NCB, Mr MacGregor, had said that the Board was willing to discuss the phasing of the pit closure programme. This had been represented by the media in an exaggerated way as a major concession. Representatives of the NCB had subsequently reaffirmed Mr MacGregor's offer and had made it clear that it extended to the NUM. Mr Scargill had publicly refused to take part in any discussions which contemplated closure of pits with workable reserves. The NCB would continue to emphasise their willingness to hold discussions with all three trade unions, and were preparing a substantial paper outlining the excellent prospects for the industry provided that seriously uneconomic capacity was eliminated.

In all public statements it would be important to continue to avoid any impression that the Government was dismayed at the prospect of a lengthy coal strike. The current warm weather was reducing electricity consumption; and the electricity generating system could withstand a coal strike for many months. There were clear signs that the NUM leadership was beginning to doubt whether it could succeed in its aims.

THE HOME SECRETARY said that the police were maintaining law and order satisfactorily. All those miners who wished to work were able to do so.

THE SECRETARY OF STATE FOR TRADE AND INDUSTRY said that there were no signs of significant difficulties being experienced by coal-using industries. Coal had been getting through to steel works in limited quantities, and the works were maintaining a reasonable, though slightly reduced, level of production.

THE PRIME MINISTER, summing up the discussion, said that the Government should maintain its existing stance, that the dispute was internal to the coalmining industry - and indeed, to a considerable extent, internal to the NUM - and that the Government was not involved. The fact that the Labour Party had called on its members to give financial assistance to the NUM showed that some of the Government's opponents wished to politicise the dispute; the Government should do nothing to facilitate or encourage that. Public comment by Ministers should continue to stress that miners earned above-average wages; that the taxpayer had financed extensive investment in the coalmining industry; that no coalminer currently faced compulsory redundancy; and that extremely generous terms were available to those accepting voluntary redundancy. It would be desirable to stress that resistance to the call for strike action was not limited to the Nottinghamshire area: in answer to a Parliamentary Question the previous day, the Parliamentary Under Secretary of State, Department of Energy, had given a long list of areas where pits were still working.

The Cabinet -

Took note.

Cabinet Office

27 April 1984