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CC(87) 16th  
Conclusions

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CABINET

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

THURSDAY 30 APRIL 1987

at 10.30 am

P R E S E N T

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon Viscount Whitelaw  
Lord President of the Council

The Rt Hon Lord Hailsham of St Marylebone  
Lord Chancellor

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 Energy

The Rt Hon George Younger 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 Fowler MP  
Secretary of State for Social Services

The Rt Hon Norman Tebbit MP  
Chancellor of the Duchy of Lancaster

The Rt Hon Tom King MP  
Secretary of State for Northern Ireland

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

The Rt Hon Nicholas Ridley MP  
Secretary of State for the Environment

The Rt Hon Lord Young of Graffham  
Secretary of State for Employment

The Rt Hon Kenneth Baker MP  
Secretary of State for Education and Science

The Rt Hon Kenneth Clark QC MP  
Paymaster General

The Rt Hon John MacGregor MP  
Chief Secretary, Treasury

The Rt Hon Malcolm Rifkind QC MP  
Secretary of State for Scotland

The Rt Hon Paul Channon MP  
Secretary of State for Trade and Industry

The Rt Hon John Moore MP  
Secretary of State for Transport

ALSO PRESENT

The Rt Hon John Wakeham MP  
Parliamentary Secretary, Treasury

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SECRETARIAT

Mr D F Williamson  
Mr N H Nicholls  
Mr A J Langdon (Items 1 and 2)  
Mr J H Holroyd (Items 3 and 4)  
Mr S S Mundy (Items 1 and 2)

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PARLIAMENTARY  
AFFAIRS

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

HOME AFFAIRS

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Industrial  
Action in  
the Civil  
Service

Previous  
Reference:  
CC(87) 15.2

2. THE SECRETARY OF STATE FOR EMPLOYMENT said that industrial action by members of the Society of Public and Civil Servants and the Civil and Public Servants Association was continuing. In the following week the national unemployment benefit system computer at Reading could be put at risk, in which event up to 100,000 people in London might fail to receive benefit, with a particularly severe impact in inner city areas. He would issue a statement to the press at the beginning of the following week setting out the Government's position and emphasising that the greatest impact was on the unemployed.

THE PRIME MINISTER, summing up a short discussion, said that the unions' action was aimed at the most vulnerable members of the society. That message should continue to be driven home. It was important that any comments which Ministers made publicly on the facts of the dispute should be absolutely accurate.

Interest  
Rates

THE CHANCELLOR OF THE EXCHEQUER said that, following the agreements between the major trading countries in Paris and Washington earlier that year designed to bring about a period of greater currency stability, there had in fact been continuing downward pressure on the United States dollar and recently a marked improvement in sentiment about the prospects for the United Kingdom economy which had led to upward pressure on sterling. It was not in the interests of British exporters that sterling should rise too strongly and it had been right at the end of the previous week to offset the pressure by a ½ per cent reduction in interest rates. The pound nonetheless remained firm.

The Cabinet -

1. Took note.

Northern  
Ireland

THE SECRETARY OF STATE FOR NORTHERN IRELAND said that there had been a sharp increase in terrorist activity within Northern Ireland, including the murder on 25 April of Lord Justice and Lady Gibson. This had followed a period of comparative calm, which had been due in part to the Irish Republican Army's (IRA's) concern not to prejudice the prospect of Sinn Fein candidates in the Irish general election on 17 February. The IRA might also have been waiting to see whether Unionist opposition to the Anglo-Irish Agreement would be successful and whether the new Government of the Irish Republic would pursue a less co-operative attitude than its predecessor with the British Government over Northern

over Northern Ireland. Neither eventuality had materialised: indeed, there were signs that Unionist leaders were contemplating fresh approaches to the British Government following the next General Election. A further factor prompting the current resurgence of violence was Sinn Fein's humiliating performance in the Irish elections, in which it had secured only 1.5 per cent of the total vote, and its wish to demonstrate that the organisation remained effective. It was possible that the latest upsurge would be limited by a wish to avoid jeopardising the chance of Mr Gerry Adams retaining his Parliamentary seat, loss of which would be presentationally damaging for the IRA. Planning of the murder of Lord Justice Gibson would have been helped by the fact that no attempt had been made to conceal the arrangements for his return journey to Northern Ireland when they were made some months previously. Other recent terrorist incidents had occurred in normally safe areas. In the light of the latest developments, he was considering a number of additional security measures. He was also in touch with the Secretary of State for Defence on how best to meet this latest change in IRA tactics.

THE PRIME MINISTER, summing up a short discussion, said that it was important to avoid commenting on the details of the latest terrorist incidents in Northern Ireland or on possible additional security measures.

The Cabinet -

2. Took note, with approval, of the Prime Minister's summing up of their discussion.

FOREIGN  
AFFAIRS

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Visit by the  
Foreign and  
Commonwealth  
Secretary to  
Thailand,  
Australia and  
New Zealand,  
20-27 April  
1987

3. THE FOREIGN AND COMMONWEALTH SECRETARY, reporting on his visit to Thailand, Australia and New Zealand from 20 to 27 April, said that he had been struck throughout by the high regard in which the United Kingdom was held, due to its successful economic and financial policies and its role in East/West relations. While in Thailand, he had visited a Cambodian refugee camp. This had been welcomed by the Thai Government, which had also expressed its appreciation at the Prime Minister's having raised the issue of Cambodia during her recent visit to Moscow. There was much goodwill towards the United Kingdom on which to build. In Australia, the opposition Liberal Country Party coalition was in disarray, and it was likely that the present Labor Government, led by Mr Hawke, would win the general election which was due within the next year. The Australian Government was a staunch member of the Australia-New Zealand-United States Pact (ANZUS) and was dismissive of New Zealand's attitude to defence. It was alert to the Libyan threat in the Pacific. Australia was pursuing a robust policy on international trade in agricultural products. It remained a significant market for United Kingdom goods and services. The Prime Minister of New Zealand, Mr Lange, was standing by his position on visits to New Zealand by warships which he was still seeking to reconcile with New Zealand membership of ANZUS. He had warned Mr Lange that adherence by New

Zealand to its present defence policy could harm its future trade prospects in the European Community. In the economic field, however, the New Zealand Government was pursuing a policy broadly similar to that of the British Government, although the level of inflation, while falling, was still relatively high.

China

Previous  
Reference:  
CC(87) 13.2

THE FOREIGN AND COMMONWEALTH SECRETARY said that, while in Thailand, he had had a further meeting with the Chinese Foreign Minister, Mr Wu Yuequian. There had been a useful exchange, which had carried forward discussion of the issue of direct elections in Hong Kong.

Arms Control

Previous  
Reference:  
CC(87) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that intensive discussion was continuing within the Alliance on arms control. The subject had also been discussed at the meeting in Luxembourg of the Western European Union on 27-28 April at which there had been encouraging unanimity on the need for nuclear deterrence and for the retention of a United States nuclear presence in Europe. It was important that the Alliance should reach an early position on the latest Soviet proposals on the reduction of shorter-range intermediate-range nuclear forces (SRINF).

In discussion it was noted that there was disagreement within the Federal German Government between the Foreign Minister, Mr Hans-Dietrich Genscher, and the Defence Minister, Dr Manfred Woerner, on the question of SRINF reductions. This problem, which resulted from the existence of a coalition government, remained a matter for concern.

Sri Lanka

Previous  
Reference:  
CC(87) 15.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that, following the recent terrorist incidents in Sri Lanka, the Government had taken military action against Tamil areas in the north of the country. However, despite suggestions to the contrary, the Government was still pursuing its search, with Indian help, for a political solution, although this would not be easy to achieve.

Republic of  
South Africa

Previous  
Reference:  
CC(86) 42.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that members of the South African Defence Forces (SADF) had carried out a raid into Zambia on 25 April. Although this had evidently been intended as a reconnaissance operation against the African National Congress (ANC) rather than a major strike, four innocent Zambians had been killed and one injured and houses had been destroyed. This had been a major mistake by the SADF,

but further action in the near future against neighbouring states could not be ruled out. The South African Ambassador had been called in; and a condemnatory statement had been issued by the Twelve.

Middle East

Previous Reference: CC(87) 7.4

THE FOREIGN AND COMMONWEALTH SECRETARY said that the meeting of the Palestine National Council in Algiers from 20 to 26 April had achieved some increase in Palestinian unity, although at the price of a more radical policy: the 1985 Accord with King Hussein of Jordan had been abrogated and relations with Egypt damaged. Overall, the Middle East peace process had suffered a setback. The Israeli Foreign Minister, Mr Shimon Peres, was hopeful that King Hussein would agree to participate in an international conference on the Middle East but there was no early prospect of this.

Italy

Previous Reference: CC(87) 14.3

THE FOREIGN AND COMMONWEALTH SECRETARY said that elections would be held in Italy on 14 June, following the defeat of the Prime Minister, Signor Amintore Fanfani, in a vote of confidence. Signor Fanfani would act as caretaker Prime Minister until the formation of a new government after the elections. The preparations for the Venice Economic Summit on 8 to 10 June would continue to go forward.

The Cabinet -

Took note.

COMMUNITY AFFAIRS

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Future Financing of the Community

4. THE FOREIGN AND COMMONWEALTH SECRETARY said that at its meeting on 26-27 April the Foreign Affairs Council had had its first substantive discussion of the future financing of the Community. The views of member states were developing broadly as predicted, with the southern member states pressing for a very large increase in the resources available to the Community. The French, the Germans and the Dutch were, like the United Kingdom, very sceptical of the case and concerned about the need for firm restraint in Community expenditure. But there was increasing pressure for a move to a 1.6 per cent value added tax ceiling on 1 January 1988. Decisions would not be taken for some time yet: the Economic and Finance Council would be discussing the issues at its May meeting and the Foreign Affairs Council would discuss them further at its May and June meetings. For the United Kingdom it was vital throughout the next period of discussion to maximise the amount of common ground with France and the Federal Republic of Germany.

Turkish Application for Membership

THE FOREIGN AND COMMONWEALTH SECRETARY reported that against strong Greek opposition the Turkish application for membership of the Communities had been remitted, according to the normal practice, to the Commission to produce an opinion. It could well take two or three years for this to be forthcoming.

Previous Reference: CC(87) 15.4

In discussion it was said that there were strong strategic reasons for maintaining Turkey as an effective member of the Western Alliance. But it was acknowledged that the cost to the United Kingdom, and indeed to the Community as a whole, of Turkish membership of the Communities would be a very substantial one; the Community was not ready to absorb another member state when it was still adapting to the recent membership of Spain and Portugal; and the accession of Turkey would tilt the balance of the Community even further towards the interests of the southern member states. The application must be handled in the orthodox way, but it would not be surprising if the conclusions were deferred to the Greek Kalends.

Opening the Japanese Market

THE FOREIGN AND COMMONWEALTH SECRETARY reported that the Foreign Affairs Council had discussed the next steps for maintaining pressure on Japan for a more liberal approach in key sectors of interest to the Community. Commissioner de Clercq had forcefully made the European case to the Japanese Government on his recent visit to Tokyo, and the Commission had now announced proposals for the surveillance of Japanese exports which might be harmfully diverted to the Community market following the measures taken by the United States against Japan. In the Council's discussion only France and the United Kingdom had been forthright in their support for Commissioner de Clercq. During the discussions on further measures against Japan which were scheduled for the next three Foreign Affairs Councils, it should be the United Kingdom's objective to ensure that all member states give their full support to the Commission's actions and presented a united Community front to Japan.

Co-ordination Against Illegal Immigration

THE HOME SECRETARY said that the co-ordination meeting on 27-28 April between Ministers of the twelve member states concerned with combatting terrorism and illegal immigration had given unanimous support for making airlines and other carriers responsible for bogus asylum seekers whom they convey and for applying penalties to them. The action which member states would now take was entirely in line with Government policy as set out in the Immigration (Carriers' Liability) Bill.

1987 Agricultural Price Fixing

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD reported that the Agriculture Council had met for three days between 27 and 29 April to discuss the four most contentious items in the Commission's proposals,

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namely those for changes in the cereals regime, in the regime for fruit and vegetables and in the current agri-monetary arrangements, and the proposals for the introduction of an oils and fats tax. Little progress had been made and the Council would meet again on 18 May for a session which could last for the whole of the ensuing week.

The Cabinet -

Took note.

Cabinet Office

30 April 1987

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