

PRIME MINISTER

EUROPEAN COUNCIL: STATEMENT TO THE HOUSE

I attach a draft, prepared by Mr. Hancock and agreed with the Departments concerned.

As Mr. Hancock points out, the lack of any reference to steel is a gap which the Opposition may question. But unless you made any specific statement during the Council's discussions, I think we shall just have to deal with the matter in Supplementaries.

We have put the Council's conclusions in the Library of the House.

Supplementaries are attached.

In case you need them, I also attach your briefs for the European Council.

A. J. C.

6 December 1982



EUROPEAN COUNCIL - DRAFT STATEMENT TO HOUSE

I attended the European Council in Copenhagen on 3rd and 4th December, accompanied by my rt. hon. Friend the Foreign and Commonwealth Secretary. At the end of the meetings the Danish Prime Minister issued to the Press his summary of the Council's conclusions. I have arranged for a copy of this document to be placed in the library.

In its discussion of the economic and social situation, the European Council established a number of priority goals including the re-establishment of economic stability; the continued reduction of interest rates as a means of encouraging productive activity; the creation of more employment opportunities ~~or~~ <sup>and</sup> professional training for young people; and increased international cooperation in monetary and trade policy.

A work programme was approved on four specific actions, namely measures to reinforce the internal market; proposals in the field of research, innovation and energy; a new instalment of the New Community Instrument amounting to some £1 $\frac{3}{4}$  billion; and urgent consideration to be given to proposals for training young people and reorganising working time.

The Council reaffirmed its political commitment to the enlargement of the Community by the accession of Spain and Portugal and asked the Foreign Affairs



Council and the Agriculture Council to press ahead with the necessary preparatory work. I stressed that the Community must take quick and effective action to remedy the present lack of balance in trade with Spain.

There was some discussion about the implications of enlargement for the own resources ceiling. No conclusion was agreed and I stressed that the essential requirement was effective control over the rate of growth of agricultural expenditure.

The Council expressed its determination to pursue a constructive dialogue with the United States in order to ensure solid and confident relations. It noted with satisfaction the agreement reached on steel and the United States' President's decision to lift the sanctions imposed in connexion with the Siberian pipeline.

The Council asked the Foreign Affairs Council at its next session in December to take decisions on the various ways and means of improving commercial relations between Japan and the Community.

On fish, it was confirmed that nine member states were prepared to accept the Commission's proposals for a revised Common Fisheries Policy but that Denmark was not yet able to do so. The Danish Prime Minister said that he needed some further



clarification which I understood to refer to matters outside the package now proposed. It is my hope and expectation that agreement will be reached at the next meeting of the Fisheries Council on 21st December.

The Council was informed that the Foreign Affairs Council had set work in hand on the Commission's recent communication about the solution to the British budget problem for 1983 and later. I emphasised, *but unless a satisfactory decision was reached* ~~without contradiction, the importance of reaching a~~ *before then I should have to raise the matter at the* ~~decision before the next European Council in March.~~

As is usual, the European Council also considered international political questions.

The Council agreed that the basis for our relations with the Soviet Union should continue to be firmness and dialogue. We stated our readiness to respond positively to any constructive moves which the new leadership in Moscow may take, and we looked for these in particular at the Madrid Conference on Security and Cooperation in Europe and <sup>in relation to</sup> ~~on~~ Afghanistan.

The Council agreed to keep developments in Poland under very careful scrutiny so as to be able to judge the real significance of the measures which appear to be under consideration in Warsaw.

/Lastly,



Lastly, on the Middle East, the Council called upon the parties to seize the political opportunity created in September by President Reagan's initiative and the Arab Summit in Fez, and urged that all Israeli and other foreign forces be withdrawn from Lebanon without further delay.

~~But the~~ ~~proceed~~

On international economic matters the Council called stressed that the overriding priority for the Community, economic and commercial relations with other industrialized countries ~~will~~ is a strengthening of international cooperation in all major areas to counteract recession, with particular emphasis on a return to a stable monetary, financial and trade situation.

~~The European Council:~~

In this connection the Council stated that the readiness of Member States to work for a substantial increase of IMF quotas and their determination to contribute to an early decision to this effect.





RESTRICTED

Qz.02831

MR COLES

cc: Mr Fall  
Mr Kerr  
Mr Lawson  
Sir Robert Armstrong

EUROPEAN COUNCIL - STATEMENT TO HOUSE

I attach a draft statement to the House agreed with officials of the Departments concerned.

2. The Department of Industry have suggested that, if the Prime Minister made use of Mr Lamont's brief on steel, she should tell the House so. I understand that the Prime Minister did not, in fact, make a statement to the European Council on that question.

3. The Foreign and Commonwealth Office are assembling the Notes for Supplementaries and the Foreign Secretary's Private Office will send them across to you by close of play today.

D.H.

D J S HANCOCK

6 December 1982

RESTRICTED



EUROPEAN COUNCIL - DRAFT STATEMENT TO HOUSE

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As is usual, the European Council also considered international political questions.

The Council agreed that the basis for our relations with the Soviet Union should continue to be firmness and dialogue. We stated our readiness to respond positively to any constructive moves which the new leadership in Moscow may take, and we looked for these in particular at the Madrid Conference on Security and Cooperation in Europe and <sup>in relation to</sup> ~~on~~ Afghanistan.

The Council agreed to keep developments in Poland under very careful scrutiny so as to be able to judge the real significance of the measures which appear to be under consideration in Warsaw.

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Lastly, on the Middle East, the Council called upon the parties to seize the political opportunity created in September by President Reagan's initiative and the Arab Summit in Fez, and urged that all Israeli and other foreign forces be withdrawn from Lebanon without further delay.



EUROPEAN COUNCIL - STATEMENT TO THE HOUSE

I ATTENDED THE EUROPEAN COUNCIL IN COPENHAGEN ON 3 AND 4 DECEMBER,  
ACCOMPANIED BY MY RT. HON. FRIEND THE FOREIGN AND  
COMMONWEALTH SECRETARY.

AT THE END OF THE MEETINGS THE DANISH PRIME MINISTER  
ISSUED TO THE PRESS HIS SUMMARY OF THE COUNCIL'S  
CONCLUSIONS.

I HAVE ARRANGED FOR A COPY OF THIS DOCUMENT TO BE  
PLACED IN THE LIBRARY.

IN ITS DISCUSSION OF THE ECONOMIC AND SOCIAL SITUATION, THE  
EUROPEAN COUNCIL ESTABLISHED A NUMBER OF PRIORITY  
GOALS INCLUDING THE RE-ESTABLISHMENT OF ECONOMIC  
STABILITY; THE CONTINUED REDUCTION OF INTEREST  
RATES AS A MEANS OF ENCOURAGING PRODUCTIVE ACTIVITY;  
THE CREATION OF MORE EMPLOYMENT OPPORTUNITIES AND  
PROFESSIONAL TRAINING FOR YOUNG PEOPLE; AND INCREASED  
INTERNATIONAL CO-OPERATION IN MONETARY AND TRADE  
POLICY.



A WORK PROGRAMME WAS APPROVED ON FOUR SPECIFIC ACTIONS,  
NAMELY MEASURES TO REINFORCE THE INTERNAL MARKET;  
PROPOSALS IN THE FIELD OF RESEARCH, INNOVATION  
AND ENERGY; A NEW INSTALMENT OF THE NEW COMMUNITY  
INSTRUMENT AMOUNTING TO SOME £1 $\frac{3}{4}$  BILLION; AND  
URGENT CONSIDERATION TO BE GIVEN TO PROPOSALS  
FOR TRAINING YOUNG PEOPLE AND REORGANISING WORKING  
TIME.

THE COUNCIL REAFFIRMED ITS POLITICAL COMMITMENT TO THE  
ENLARGEMENT OF THE COMMUNITY BY THE ACCESSION  
OF SPAIN AND PORTUGAL AND ASKED THE FOREIGN AFFAIRS  
COUNCIL AND THE AGRICULTURE COUNCIL TO PRESS AHEAD  
WITH THE NECESSARY PREPARATORY WORK.

I STRESSED THAT THE COMMUNITY MUST TAKE QUICK AND  
EFFECTIVE ACTION TO REMEDY THE PRESENT LACK OF  
BALANCE IN TRADE WITH SPAIN.

/ THERE WAS SOME



THERE WAS SOME DISCUSSION ABOUT THE IMPLICATIONS OF ENLARGEMENT  
FOR THE OWN RESOURCES CEILING.

NO CONCLUSION WAS AGREED AND I STRESSED THAT THE  
ESSENTIAL REQUIREMENT WAS EFFECTIVE CONTROL OVER  
THE RATE OF GROWTH OF AGRICULTURAL EXPENDITURE.

THE COUNCIL EXPRESSED ITS DETERMINATION TO PURSUE A CONSTRUCTIVE  
DIALOGUE WITH THE UNITED STATES IN ORDER TO ENSURE  
SOLID AND CONFIDENT RELATIONS.

IT NOTED WITH SATISFACTION THE AGREEMENT REACHED  
ON STEEL AND THE UNITED STATES' PRESIDENT'S DECISION  
TO LIFT THE SANCTIONS IMPOSED IN CONNECTION WITH THE  
SIBERIAN PIPELINE.

THE COUNCIL ASKED THE FOREIGN AFFAIRS COUNCIL AT ITS NEXT  
SESSION IN DECEMBER TO TAKE DECISIONS ON THE VARIOUS  
WAYS AND MEANS OF IMPROVING COMMERCIAL RELATIONS  
BETWEEN JAPAN AND THE COMMUNITY.

/ ON FISH,



ON FISH, IT WAS CONFIRMED THAT NINE MEMBER STATES WERE PREPARED TO ACCEPT THE COMMISSION'S PROPOSALS FOR A REVISED COMMON FISHERIES POLICY BUT THAT DENMARK WAS NOT YET ABLE TO DO SO.

THE DANISH PRIME MINISTER SAID THAT HE NEEDED SOME FURTHER CLARIFICATION WHICH I UNDERSTOOD TO REFER TO MATTERS OUTSIDE THE PACKAGE NOW PROPOSED.

IT IS MY HOPE AND EXPECTATION THAT AGREEMENT WILL BE REACHED AT THE NEXT MEETING OF THE FISHERIES COUNCIL ON 21 DECEMBER.

THE COUNCIL WAS INFORMED THAT THE FOREIGN AFFAIRS COUNCIL HAD SET WORK IN HAND ON THE COMMISSION'S RECENT COMMUNICATION ABOUT THE SOLUTION TO THE BRITISH BUDGET PROBLEM FOR 1983 AND LATER.

I EMPHASISED THAT UNLESS A DECISION WAS REACHED BEFORE MARCH I SHOULD HAVE TO RAISE THE MATTER AT THE NEXT EUROPEAN COUNCIL.

/ AS IS USUAL,



AS IS USUAL, THE EUROPEAN COUNCIL ALSO CONSIDERED INTERNATIONAL  
POLITICAL QUESTIONS.

THE COUNCIL AGREED THAT THE BASIS FOR OUR RELATIONS WITH THE  
SOVIET UNION SHOULD CONTINUE TO BE FIRMNESS AND  
DIALOGUE.

WE STATED OUR READINESS TO RESPOND POSITIVELY TO  
ANY CONSTRUCTIVE MOVES WHICH THE NEW LEADERSHIP  
IN MOSCOW MAY TAKE, AND WE LOOKED FOR THESE IN  
PARTICULAR AT THE MADRID CONFERENCE ON SECURITY  
AND CO-OPERATION IN EUROPE AND IN RELATION TO  
AFGHANISTAN.

THE COUNCIL AGREED TO KEEP DEVELOPMENTS IN POLAND UNDER VERY  
CAREFUL SCRUTINY SO AS TO BE ABLE TO JUDGE THE REAL  
SIGNIFICANCE OF THE MEASURES WHICH APPEAR TO BE  
UNDER CONSIDERATION IN WARSAW.

/ LASTLY,



LASTLY, ON THE MIDDLE EAST, THE COUNCIL CALLED UPON THE PARTIES TO SEIZE THE POLITICAL OPPORTUNITY CREATED IN SEPTEMBER BY PRESIDENT REAGAN'S INITIATIVE AND THE ARAB SUMMIT IN FEZ, AND URGED THAT ALL ISRAELI AND OTHER FOREIGN FORCES BE WITHDRAWN FROM LEBANON WITHOUT FURTHER DELAY.

ON INTERNATIONAL ECONOMIC MATTERS THE COUNCIL STRESSED THAT THE OVERRIDING PRIORITY FOR THE COMMUNITY'S ECONOMIC AND COMMERCIAL RELATIONS WITH OTHER INDUSTRIALISED COUNTRIES IS A STRENGTHENING OF INTERNATIONAL CO-OPERATION IN ALL MAJOR AREAS TO COUNTERACT RECESSION, WITH PARTICULAR EMPHASIS ON A RETURN TO A STABLE MONETARY, FINANCIAL AND TRADE SITUATION.

IN THIS CONNECTION THE COUNCIL STATED THE READINESS OF MEMBER STATES TO WORK FOR A SUBSTANTIAL INCREASE OF IMF QUOTAS AND THEIR DETERMINATION TO CONTRIBUTE TO AN EARLY DECISION TO THIS EFFECT.



## European Council

3.30 pm

**The Prime Minister (Mrs. Margaret Thatcher):** With permission, Mr. Speaker, I shall make a statement on the European Council in Copenhagen on 3 and 4 December, which I attended accompanied by my right hon. Friend the Foreign and Commonwealth Secretary.

At the end of the meetings, the Danish Prime Minister issued to the press his summary of the Council's conclusions. I have arranged for a copy of this document to be placed in the Library. In its discussion of the economic and social situation, the European Council agreed upon a number of priority goals, including the re-establishment of economic stability; the continued reduction of interest rates as a means of encouraging productive activity; the creation of more employment opportunities and professional training for young people; and increased international co-operation in monetary and trade policy.

A work programme was approved on four specific matters: measures to reinforce the internal market; proposals in the field of research, innovation and energy; a new instalment of the new Community instrument amounting to some £1¾ billion; and urgent consideration to be given to proposals for training young people and reorganising working time.

The Council re-affirmed its political commitment to the enlargement of the Community by the accession of Spain and Portugal and asked the Foreign Affairs Council and the Agriculture Council to press ahead with the necessary preparatory work. I stressed that the Community must take quick and effective action to ensure more equal access in our trade with Spain.

There was some discussion about the implications of enlargement for the ceiling on own resources. We take the view that the Community's present own resources should be sufficient. The essential requirement is effective control over the rate of growth of agricultural expenditure.

The Council expressed its determination to pursue a constructive dialogue with the United States. It noted with satisfaction the agreement reached on steel and the United States' President's decision to lift the sanctions imposed in connection with the Siberian pipeline.

The Council asked the Foreign Affairs Council at its next session in December to take decisions on the various ways and means of improving commercial relations between Japan and the Community.

It was confirmed that nine member States were prepared to accept the Commission's proposals for a revised Common Fisheries Policy. Denmark was not able to do so. The Danish Prime Minister said that he needed some further clarification, which I understood to refer to matters outside the package now proposed. It is my hope and expectation that agreement will be reached at the next meeting of the Fisheries Council on 21 December.

The Council was informed that the Foreign Affairs Council had set work in hand on the Commission's recent communication about the solution to the British budget problem for 1983 and later. I emphasised that unless a decision was reached before March, I should have to raise the matter at the next European Council.

As is usual, the European Council also considered international political questions. The council agreed that the basis for our relations with the Soviet Union should

continue to be firmness and dialogue. We stated our readiness to respond positively to any constructive moves which the new leadership in Moscow may make, and we looked for these in particular at the Madrid conference on security and co-operation in Europe and in relation to Afghanistan.

The Council agreed to keep developments in Poland under careful scrutiny so as to be able to judge the real significance of the measures which appear to be under consideration in Warsaw.

On the Middle East, the Council called upon the parties to seize the political opportunity created in September by President Reagan's initiative and the Arab summit in Fez, and urged that all Israeli and other foreign forces be withdrawn from Lebanon without further delay.

On international economic matters, the council stressed that the overriding priority for the Community's economic and commercial relations with other industrialised countries was a strengthening of international co-operation in all major areas to counteract recession, with particular emphasis on a return to a stable monetary, financial and trade situation. In this connection, the Council stated the readiness of member States to work for a substantial increase of IMF quotas and their determination to contribute to an early decision to that effect.

**Mr. Michael Foot** (Ebbw Vale: I shall put several questions on specific matters before turning to the main parts of the Prime Minister's statement.

I am sure that the Prime Minister understands that there must be a further debate in the House on the fisheries issue, before it is concluded. Perhaps she recalls that during the general election she said:

"Our waters contain more fish than the rest of the Community put together . . . Britain must have a very substantial share of the total allowable catch".

Does the right hon. Lady really think that that has been achieved? Will she give an undertaking that, before any further step is taken, the House will have a chance to state its view? No progress seems to have been made at the meeting on the budget. Does the right hon. Lady really believe that progress will be made at the next meeting, and how much progress does she expect?

The Prime Minister referred to steel only in the context of the agreement made with the United States of America. Surely there should have been proper discussion at the summit meeting of the appalling state of the steel industry, especially as the British steel industry has had to accept bigger cuts than most other countries in Europe. Surely the right hon. Lady should have made a statement on behalf of the British steel industry during those discussions? Perhaps she will give us an account of what happened.

The Prime Minister did not say much about the CAP. Has any progress whatever been made towards the Government's objectives? At such a meeting, important international issues are bound to arise. The right hon. Lady referred to President Reagan's initiative on the Middle East. We all wish to see that initiative succeed, but what will be the next step in that direction?

The Prime Minister did not offer much comfort about the economic situation. It may be very difficult for the Government to urge the other countries to take action on economic matters and unemployment when unemployment in Britain is worse than in other countries, when our bankruptcies are more numerous and when our economy is in a considerably more parlous state than that of most of the other countries. Naturally, they are unlikely to listen



disarmament recently. Will my right hon. Friend take time today to assure the House and emphasise to the country that the Government will take every possible practical initiative to encourage verifiable balanced multilateral disarmament? Does she agree further that if the Russians were interested in disarmament they would start dismantling hundreds of SS20 missiles targeted on Western Europe.

**The Prime Minister:** I agree with both my hon. Friend's points. Many disarmament initiatives are being taken. There is the NATO proposal to eliminate intermediate range nuclear weapons. If that were successful a whole class of nuclear weapons would be eliminated on both sides. It requires agreement by the Soviet Union. There is also NATO's draft treaty for mutual and balanced force reductions, which has been negotiated for a long time. Work continues in Geneva to verify the comprehensive nuclear test ban. There is also in Geneva our proposal for verification and compliance with the chemical weapons ban. There is President Reagan's initiative, which we support, for a substantial reduction in strategic ballistic missile warheads. I could continue, because the Government are taking many initiatives on multilateral disarmament. I notice that the Opposition are not interested in multilateral disarmament. They are interested only in unilateral disarmament, which jeopardises this country's security.

**Mr. Coleman:** Is the Prime Minister aware that her order of priorities for the day is unacceptable to the Opposition. We demand that she gives her attention to the steel industry. Does she recognise that both the public and private sectors of the steel industry are haemorrhaging to extinction fast? When will she give her attention to steel and unemployment which are the real crises facing the country?

**The Prime Minister:** We had a debate on steel last week. My right hon. Friend the Secretary of State for Industry is considering in calm and measured terms the British Steel Corporation's corporate plan for next year.

We are also part of the European Community and we negotiated on prices and quotas as part of that Community. All those matters are being considered. It is right that my right hon. Friend the Secretary of State for Industry should consider them thoroughly before making a full statement to the House covering the five major steel plants.

#### Engagements

**Q4. Mr Geraint Howells:** asked the Prime Minister if she will list her official engagements for 7 December.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave some moments ago.

**Mr. Howells:** Has the Prime Minister any plans to solve the unemployment problem in Wales before the next general election?

**The Prime Minister:** The Government will continue to try to reduce inflation, to contain public expenditure and to keep down interest rates. We look to industry to make itself competitive and to produce goods that can be purchased and that will command an increased share of the market both at home and abroad. There is no other way of obtaining sustainable extra jobs.

**Mr. Robert Atkins:** Is it not a sad comment on the Labour Party that when it is in opposition, membership of the Campaign for Nuclear Disarmament increases, but that membership falls when the Labour Party is in power? Does not my right hon. Friend think that CND at least has courage—a courage that does not seem to lie on the Opposition Benches—because it wants Britain to withdraw from NATO instead of relying on the American nuclear umbrella while at the same time claiming to be a unilateral nuclear disarmer?

**The Prime Minister:** If CND's proposals were followed on any way, peace, security, freedom and justice would be put at risk in our country and war would become more likely. I condemn it completely.



to any appeal from the Prime Minister. However, the Prime Minister surely should have sought to secure a meeting in Europe with some of the other countries so that broader and more international measures could be planned for dealing with the deepening economic crisis. It certainly is a crisis. The Prime Minister has returned from the meeting without any proposals to deal with rising mass unemployment in Europe and throughout the world.

We welcome what the Prime Minister said about some of the international issues, such as Poland and Madrid. However, she had no comfort to offer about the situation in the world as a whole. Even at that conference, should there not have been a discussion on disarmament? Will not the right hon. Lady admit that the real danger facing the world is not the failure to carry out disarmament agreements, but the possibility that we are engaged in a fresh re-armament drive?

If President Reagan's proposal, which he is having great difficulty in getting through Congress, for the new MX missile programme were accepted, that could bring, as a major response, a similar programme in the Soviet Union. If those programmes continue, far from our having any hope of securing multilateral agreement, the major multilateral agreement—SALT 2—might as well be torn up. If we tear up one agreement, it will be much more difficult to obtain new agreements in the future.

The right hon. Lady taunts us and says that we are not interested in multilateral agreements, but she should have fought to sustain the SALT 2 agreement rather than supported President Reagan in abandoning it. She must use her influence, even at this late stage, to try to stop the unilateral re-armament drive that threatens not only world peace but world economic well-being.

**The Prime Minister:** I shall try briefly to reply to the right hon. Gentleman's seven points. For nine member States, the negotiations on fishing are concluded and we have made it clear that there are no further concessions. We cannot have a debate in the House before an agreement on the common fisheries policy. To do so would risk reopening the agreements that we have already concluded with the other nine member States and could result in our not obtaining a common fisheries policy by the end of this year. It is vital that we do so.

The Foreign Affairs Council will discuss the budget in January.

We discussed steel in the debate on economic and social matters. As the right hon. Gentleman will be aware, world capacity is far in excess of world demand. That is the fundamental problem and we have been negotiating within the European Community as a unit. We have profited from being in the Community. When we had difficulties with the United States of America, after it tried to put on a larger countervailing duty against our steel than other countries, we tried to negotiate separately with America. We were unsuccessful because America preferred to negotiate with the Community. It was a Community matter.

Detailed points on the common agricultural policy are always dealt with at the Agriculture Ministers Council. We tend to confine ourselves to more limited matters, such as the volume of the budget taken by the Common Agricultural Policy and its impact on the demand for more own resources.

We support Mr. Habib's negotiations, which are now taking place with the parties in Lebanon.

As to international economics, I remind the right hon. Gentleman that the jumbo Council, the Council on Economic and Financial Affairs, met recently. We confirmed its conclusions on this matter. We spent much time discussing external relations, hence my references to the International Monetary Fund, trade with Japan and the GATT meeting at which we were forcefully represented not only by our Secretary of State and Minister of State but by the Community.

Disarmament was discussed in detail at NATO. The European Community is not a defence organisation, but we tend to discuss such matters informally in the margins of the meetings and we were all wholeheartedly behind the attempts to achieve multilateral disarmament at Geneva and we hope that they will proceed apace.

**Mr. Foot** *rose*—

**Hon. Members:** Oh, no.

**Mr. Foot:** I wish to put three matters to the right hon. Lady. Such statements are made so that we can put questions on behalf of the House—the Prime Minister has not answered any of my questions—and some Conservative Members must get used to that fact.

It is intolerable for the Prime Minister to suggest that we should not have a further debate on the common fisheries policy. Most hon. Members who have fishing interests in their constituencies have asked for such a debate. If the Prime Minister or the Minister of Agriculture, Fisheries and Food have a good case, that is all the more reason for them to come to the House of Commons. That happened in Denmark and it should happen here.

The Prime Minister talked about having to accept the present world demand in the steel industry. If she has no other proposals, we shall not have a steel industry by the beginning of next year or soon after. I urge the right hon. Lady to take the advice that she received in all the debates to which she referred—that much stronger action must be taken by the British Government to protect the steel industry.

As to the multilateral disarmament discussions, the right hon. Lady still does not refer to the MX missile programme. If that programme goes ahead, it will wreck the chances for multilateral disarmament. Why will not the British Government use their influence to hold up that programme?

**The Prime Minister:** My right hon. Friend the Minister of Agriculture, Fisheries and Food has continually reported to the House on the fisheries negotiations. He has kept in touch continually with the fishing industry and obtained its agreement to the package. If we go along the right hon. Gentleman's course, we shall risk unpacking that package, which will damage both the British and the Community fishing industries. The right hon. Gentleman advocates a debate when we have only a few days before the time when, unless we reach agreement, in theory other countries could fish right up to our shores—[HON. MEMBERS: "Oh!"] In theory, other countries could fish right up to our shores. There is no point in trying to duck the facts. We have achieved a good agreement among the Nine. We hope that Denmark will join us. That is the best way to reach the common fisheries policy that British fishermen need. They have approved the package, as the right hon. Gentleman will have seen from previous correspondence.



[The Prime Minister]

We have many discussions about the steel industry, but world demand is down and import penetration in Europe is even worse than it is here. In Europe we have an agreement on a prices and Quota regime. We must try to regain more of our domestic market by being competitive and we must try to do much better in export markets.

MX missiles were not discussed at the European Council. We discussed general multilateral disarmament, but NATO is a much more appropriate forum for the discussion that the right hon. Gentleman wishes to have.

**Mr. Roy Jenkins** (Glasgow, Hillhead): On the central economic and unemployment position with which this European Council was confronted, the Prime Minister's recipe for British recovery is an improvement in competitiveness, which is highly desirable. However, what is her message for European and world recovery, as we are now clearly spiralling down into an increasingly dangerous international slump? Not every country can improve its competitiveness because that is a relative and not an absolute state. What constructive measures does the Prime Minister propose for world recovery?

**Mr. Bob Cryer** (Keighley): He is worried about his pension.

**The Prime Minister:** The right hon. Member for Glasgow, Hillhead (Mr. Jenkins) is well aware that Mr. Ortoli usually reports on those matters and certain proposals and measures are put forward, first, for financial stability and, secondly, to keep interest rates down, preferably through international co-operation as well as by domestic action. In a free enterprise economy, if interest rates have been reduced there should be sufficient people with the initiative to start new businesses and to expand others. I assume that the right hon. Gentleman would approve that mechanism, as he did in days gone by. Therefore, one achieves expansion through new business, more small businesses and productive investment. That is the mechanism by which new jobs are created. The message has not changed since the right hon. Gentleman sat at the table as President of the Commission.

**Sir Anthony Kershaw** (Stroud): What chance is there of Europe leaning more heavily upon the United States of America to persuade Israel to change its policy on the resettlement of the West Bank which, if it is not changed, will wreck even the American initiative in the Middle East?

**The Prime Minister:** We did not make any statement on that. The British Government condemn the setting up of any more settlements by Israel on the West Bank.

**Mr. Andrew Faulds** (Warley, East): Did the Prime Minister discuss with her European colleagues the damage that she does to Britain's relations with the Arab world by interfering in foreign affairs, about which she is so renownedly unknowing, especially the misguided policy of making impossible King Hassan's committee's visit by refusing to meet a PLO representative, simply to keep alive the moribund policies of a defunct politician such as Henry Kissinger?

**The Prime Minister:** Following its visit to the United States, I had hoped that the Arab League delegation would come to Britain when we could have received exactly the same delegation as President Reagan received. That visit

was postponed and a number of others have been since. I hope that the visit will be arranged again soon. The hon. Member for Warley, East (Mr. Faulds) knows our view about receiving members of the PLO. We regard that as different from receiving representatives of the Palestinian people.

**Sir Russell Fairgrieve** (Aberdeenshire, West): Was my right hon. Friend able to mention to our colleagues in Europe the dangers, particularly in the severe world recession, of any form of protectionism and import control, especially to a country which lives by exports? Will she consider asking her right hon. and learned Friend the Chancellor of the Exchequer to consider again an early entry of Britain into the EMS?

**The Prime Minister:** On the last point, at present, we do not intend to enter the EMS. As my hon. Friend will know, there are reasons why our currency tends to move differently to the currencies of the EMS.

There are two aspects to protectionism and its dangers. There are a number of barriers to trade within the Common Market. They are there and we all know they are there. We have never yet achieved a common market in services such as in insurance and air fares, in which this country excels. There is also a quota on the number of our lorries that can go to Europe. There is a great deal to be done in the Common Market on services. There is also a great deal to be done to take down some of the non-tariff barriers to trade. We urge the Commission and Ministers from every country to consider those matters, particularly with a view to reducing those barriers.

With regard to outside countries, we have a particular problem with Spain which stems from the 1970 agreement between the Community and Spain, which we regard as damaging. We have asked the Commission to examine that matter. My hon. Friend will also see in the President's summing-up preparations to discuss with Japan commercial relations which, at present, are much too one-sided and cannot continue in that way.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. The House is aware that an important and serious statement is to follow. I know that the House is waiting for that statement. I propose to call four more Members from either side which will have been a good run, and then to move on to the next statement.

**Mr. Greville Janner** (Leicester, West): Further to the right hon. Lady's reply on the Middle East, is she aware that some Labour Members consider that her decision not to receive the PLO in the present circumstances was absolutely correct and welcome it? Will she confirm that her policy on this matter will remain firm as an example to other European leaders?

**The Prime Minister:** My policy on that matter has not changed but I hope that in the interests of furthering the peace process we shall be able soon to receive the type of delegation from the Arab League which was received by President Reagan in the United States. It would be a great help to the peace process if it were to come and we were to have talks about these vital matters.

**Viscount Cranborne** (Dorset, South): In view of the terrible atrocities being perpetrated by the Russians in Afghanistan at present, did my right hon. Friend manage to propose to our colleagues in Europe any measures that might be taken to support the fight for freedom of those



brave people in Afghanistan against Russian aggression rather than merely sitting back and wringing our hands, which seems to be the policy of the European Community so far?

**The Prime Minister:** We were particularly careful to make it clear that the plight of the peoples in Afghanistan is not forgotten. We look to the new Russian leadership to see what its policy will be towards Afghanistan. Those who are fighting the Soviet Union in Afghanistan seem to be receiving sufficient weapons to enable them to carry out their task of throwing back the occupying forces. I can assure my hon. Friend that no one around that table has forgotten the plight of the peoples in occupied Afghanistan.

**Mr. T. W. Urwin (Houghton-le-Spring):** As more than three months have elapsed since the Reagan peace initiative on the Middle East was promulgated, since when important proposals have been issued from the Fez summit, does the Prime Minister agree that there should be more positive developments towards securing peace in the Middle East? During the summit, was common agreement reached about the necessity to recognise the right of the PLO to be drawn into negotiations on any matter that affects the future of the Palestinian people?

**The Prime Minister:** The President's summing-up pointed out:

"The European Council expressed its disappointment at the delay in grasping the political opportunity created by the initiative contained in President Reagan's speech on September 1, 1982, and the will to peace expressed in the declaration of Arab Heads of State meeting at Fez on September 9, 1982." The right hon. Gentleman will be aware of the difficulty of carrying out negotiations to secure the withdrawal of foreign troops from the soil of Lebanon. We support Mr. Habib's efforts to attempt to secure that withdrawal. The European policy towards the PLO is as stated in the Venice declaration, which said that the PLO would have to be associated with any settlement.

**Mr. David Crouch (Canterbury):** Will my right hon. Friend say something more about the consideration by the Council of youth training? Was there any consideration in the Council this time of the German practice of providing full training of three years or more for young people? Does my right hon. Friend agree that that practice is worthy of consideration in Britain?

**The Prime Minister:** We each have our own scheme of youth training. The German scheme has been different from ours for a long time. It is tied in to a different wage level for young people when they go from school to training in industry, where they have particular apprenticeships. Wages for young people are often very much lower than wages under wages council directions in Britain. We pointed out that we are introducing a scheme in September 1983. The other factor which makes Britain different from many other countries is that most of those countries have conscription for young people, which takes from the unemployment list a whole year's worth of young people who are called up for service in their Armed Forces. We do not have compulsory conscription and we have no intention of introducing it.

**Mr. A. J. Beith (Berwick-upon-Tweed):** Is the Prime Minister aware of reports that the number of inspectors to be appointed at European level to police the common fisheries policy may be drastically reduced? Since that was

part and parcel of the agreement to the revised common fisheries package, should that not be brought out and debated in the House?

**The Prime Minister:** The number which has now been agreed—I believe it is 13—is thought to be the appropriate number for monitoring the common fisheries policy.

**Mr. Jonathan Aitken (Thanet, East):** Will my right hon. Friend shed further light on the apparent new disunity in the EC over the Middle East? Has there been criticism of the fact that Britain alone has refused to receive the delegation of Middle East leaders led by King Hassan of Morocco? In that context, will the Prime Minister explain why her Ministers are able to meet PLO spokesmen but her Government are not?

**The Prime Minister:** There was no criticism whatsoever in the European Council of Britain's position—none at all. No member of the British Cabinet has ever officially met a representative of the PLO. Contacts are made through officials. My right hon. Friend the Minister of State, Foreign and Commonwealth Office, met an Arab League delegation some time ago, which included a member of the PLO.

**Mr. James Johnson (Kingston upon Hull, West):** What special evidence does the Prime Minister possess that made her state a short time ago that she believes that the Danes will settle on 21 December?

**The Prime Minister:** There was no attempt to gain further concessions on the existing package because we had consistently made it perfectly clear that the negotiating process was at an end. I had made the British position clear when the Danish Prime Minister came to Britain. A meeting of the Common Fisheries Council took place on the Monday before the European Council meeting, at which all the Nine made it quite clear that negotiations were at an end.

It seems to us that that presents Denmark with a new position which it has not faced before. Negotiations are at an end and it either has to agree—it is accepted that the difference between it and the other member States is very small—or it has to face the Nine taking national measures, which would be distasteful for everyone. I cannot give any particular evidence but I still believe that Denmark will agree to the common fisheries policy by the end of the year. The policy is enforced not by the 13 inspectors but by the adjacent coastal States.

**Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak):** Will my right hon. Friend accept how pleased we were in the Midlands to hear her usual robust comments on the problems that we are having with Japan and Spain over unfair imports? Will she instil into some of her appropriate Ministers the same Gaullist approach in trying to ensure that this untenable situation is changed? I hope that she will accept that some of us feel that the footbridge between Gibraltar and Spain may be bought at the expense of an unfair practice that may bankrupt much of the British motor industry.

**The Prime Minister:** I spoke strongly about the difficulty with the 1970 agreement between the Community and Spain, by which we are bound by virtue of our accession. We are bound to observe the tariff barriers, which are very disparate. Spain can get into our market, which has a 4 per cent. tariff barrier, and shelter in its own market behind a 37 per cent. tariff barrier. In



[The Prime Minister]

addition, certain bureaucratic measures are operated that make it even more difficult for our exports to get into its market. There can be no question of Spain becoming a full member of the EC unless the Spanish side of the border with Gibraltar is fully and properly opened.

## Bombing Incident (Ballykelly)

4.3 pm

**The Under-Secretary of State for Northern Ireland (Mr. John Patten):** With permission, Mr. Speaker, I should like to make a statement on yesterday's bombing at Ballykelly, County Londonderry. Before I begin my statement, I wish to tell the House that my right hon. Friend the Secretary of State deeply regrets being unable to address the House because of bad weather conditions on the return journey by air from Northern Ireland. This morning my right hon. Friend the Secretary of State visited the headquarters of the 1st Battalion the Cheshire Regiment at Shackleton barracks, Ballykelly. He visited those being treated in Altnagelvin hospital near Londonderry. He also met the chairman and members of Limavady district council.

At a quarter past 11 yesterday evening a bomb exploded in the Dropping Well Inn at Ballykelly, County Londonderry. No warning was given and the inn was crowded at the time with soldiers from the nearby army camp and civilians from the locality. The walls of the building were badly damaged and the roof collapsed. So far 16 people have died, 11 of them soldiers and five civilians. Four of the civilians were women. In addition, 66 people have been injured. Forty of the injured are now being treated in hospitals in the immediate area and in Belfast. The Irish National Liberation Army has claimed responsibility.

I know that the whole House will join me in condemning this merciless massacre and in expressing our sympathy to the injured and to the relatives of all those who have been killed or hurt. Let nobody pretend that this is anything other than ruthless mass murder. May this atrocity bring home to people, wherever they may be, and if they need any reminder, the true consequences of offering support of any kind to terrorists. Support for terrorists inevitably and invariably means support for what they do.

The Royal Ulster Constabulary will pursue relentlessly its search for the criminals responsible. In this task it will have the unreserved backing of the Government and the House.

**Mr. J. D. Concannon (Mansfield):** I make no complaint about the Secretary of State not being present to make the statement. I know full well the vagaries of the weather, especially in December, across the stretch of water from Britain to Northern Ireland.

My right hon. and hon. Friends on the Opposition Benches and the whole, I think, of the Labour Party offer our deepest sympathy to the relatives and friends of those killed and injured in this barbaric act. May I join in the tribute to all our security forces in carrying out their day-by-day grind in Northern Ireland? They warrant a salute from the House. They have told me that they have tended to be something of a forgotten force of late. I trust that the families and the injured receive the same treatment and consideration as that received by all those who have been killed or injured in our service.

Since Sunday, with the agreement of my right hon. Friend the Leader of the Opposition, I have been asking those responsible for the invitation to the Sinn Féin representatives to withdraw it, and I repeat that request today. I suggest to the Secretary of State—I hope that this