

Confidential Files

Visit to London by the US Trade Representatives

Mr ~~Reuben Ashew~~. ~~P.M.~~ did not see

him.

USA.

January 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>24-1-80</del> 7-6-91							
<p>PREM 19/3985</p> <p>CLOSED</p>							

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INFO PRIORITY UKREP BRUSSELS, UKMIS GENEVA

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INFO SAVING WARSAW, BUCHAREST, BUDAPEST, PRAGUE

## VISIT TO LONDON BY US TRADE REPRESENTATIVE: 6 JUNE 1991

## SUMMARY

1. POLITE BUT FORCEFUL PRESENTATION OF URUGUAY ROUND DOSSIERS WHERE US WANTS MORE PROGRESS IN ORDER FOR ROUND TO BE CONCLUDED THIS YEAR: AGRICULTURE, MARKET ACCESS, SERVICES, GOVERNMENT PROCUREMENT, INTELLECTUAL PROPERTY. USTR ALSO VOICES CONCERN ABOUT EC ASSOCIATION AGREEMENTS WITH EASTERN EUROPE, AND REPEATS FAMILIAR CRITICISM OVER BROADCASTING DIRECTIVE.

## DETAIL

2. CARLA HILLS VISITED LONDON ON 6 JUNE, SEEING THE CHANCELLOR, MR LILLEY, MR GUMMER AND MR GAREL JONES. SHE WAS ACCOMPANIED BY THE US AMBASSADOR, KATZ (DEPUTY USTR) AND OTHERS. THE MAIN TOPIC WAS THE URUGUAY ROUND, BUT SHE ALSO RAISED BILATERAL ISSUES AND EASTERN EUROPE ASSOCIATION AGREEMENTS. THIS TELEGRAM SUMMARISES POINTS DISCUSSED DURING ALL HER CALLS.  
URUGUAY ROUND

3. TO ALL INTERLOCUTORS MRS HILLS REPEATED THE SAME BASIC MESSAGE: AN ACTION PLAN OF OUTLINE AGREEMENTS IN ALL THE MAIN AREAS WAS NEEDED BY THE SUMMER IF EARLY COMPLETION WAS TO BE POSSIBLE. THERE HAD TO BE IMPROVED MARKET ACCESS IN ALL THE MAIN SECTORS IF US EXPORTERS WERE TO BE CONVINCED OF THE VALUE OF THE ROUND. THE US PREFERRED MULTILATERAL TO BILATERAL AGREEMENTS, BUT CURRENT AGREEMENTS (EG ON TRIPS AND GOVERNMENT PROCUREMENT) WERE SIMPLY BELOW STANDARD. SHE WAS OPEN TO ANY IDEAS WHICH COULD HELP ACHIEVE MOVEMENT, BUT WAS STILL CONCERNED ABOUT ATTITUDES IN THE EC, NOTABLY IN FRANCE AND GERMANY OVER AGRICULTURE.

4. MR LILLEY STRESSED THAT MOELLEMANN AT LEAST RECOGNISED THE WIDER GAINS FOR GERMANY IN A SUCCESSFUL ROUND, AND THE NEED NOT TO JEOPARDISE THESE OVER AGRICULTURE. FRANCE WAS MORE DIFFICULT, BUT BEREGEVOY WAS NOT UNSYMPATHETIC. THE G7 SUMMIT

SHOULD BE USED TO GIVE THE ROUND A PUSH. MRS HILLS AGREED, SAYING THAT BUSH RAISED THE ROUND WITH KOHL EVERY TIME THEY MET.

5. MRS HILLS RAN THROUGH THE LITANY, FAMILIAR FROM HER OECD SPEECH AND FROM RECENT CORRESPONDENCE, OF AREAS WHERE MORE WAS NEEDED FROM THE EC. SHE ADDED THAT THE RECENT OECD MINISTERIAL HAD BEEN HELPFUL. THERE WAS A CONSENSUS THAT PROGRESS MUST BE MADE IN JUNE AND JULY.

6. ON AGRICULTURE, MR GUMMER AND MR GAREL-JONES COUNSELLED AGAINST PLACING RELIANCE ON CAP REFORM AS A MEANS OF MAKING PROGRESS IN GATT. MRS HILLS ASKED WHETHER AGREEMENT COULD BE REACHED ON POSSIBLE RANGE FOR SUPPORT CUTS, EVEN IF NOT ON PARTICULAR FIGURES, AND ON A BASE YEAR. MR GUMMER SAID THAT THE EC WOULD BE VERY DIFFICULT TO MOVE IF IT WERE PERSUADED THAT ITS PHILOSOPHY ON AGRICULTURE WAS BEING CHALLENGED. BETTER TO ESTABLISH THE STRUCTURE OF AN AGREEMENT FIRST, AND INSERT FIGURES HOWEVER BROADBRUSH, LATER. MR GUMMER ADDED THAT IT WOULD BE IMPORTANT TO AVOID THE COMMISSION HAVING TO REVERT TO AGRICULTURE MINISTERS DURING THE NEGOTIATION. THE QUESTION OF NON-PRODUCTION RELATED SUPPORT WAS ALSO IMPORTANT.

7. ON MARKET ACCESS MRS HILLS INSISTED THAT WE HAD TO GET AWAY FROM SLOGANEERING AND DOWN TO NEGOTIATION: CANADA WOULD BE ARRANGING TWO ROUNDS OF TALKS IN JUNE AND JULY. BUT THE FACTS WERE THAT THE CURRENT EC TARIFFS OFFER WAS WORTH 27 PERCENT AND THE US 47 PERCENT, AND WOULD LEAD TO THE GAP BETWEEN EC AND US TARIFFS WIDENING. THE UK STOOD TO SAVE DOLLARS 280 MILLION FROM US CUTS, HALF OF WHICH WOULD COME FROM ZERO-ZERO. ONLY 277 US TARIFFS WERE ABOVE 20 PERCENT. MOST TARIFF PEAKS WERE IN TEXTILES, WHERE THE PRINCIPAL SUPPLIERS WERE CHINA AND INDIA. ZERO-ZERO WAS ESSENTIAL TO BRING US INDUSTRY ON BOARD. IN RESPONSE TO MR LILLEY, MRS HILLS AGREED TO LOOK AT THE POSITION ON WOOLLEN TEXTILES AND CERAMICS. MR LILLEY NOTED THAT WE WERE ALSO WILLING TO LOOK AT ZERO-ZERO PROPOSALS ON THEIR MERITS, AND WERE ENCOURAGING THE COMMISSION TO RESPOND POSITIVELY.

8. ON GOVERNMENT PROCUREMENT, MRS HILLS SAID THAT THE US COULD NOT ACCEPT A BALANCE OF ENTITIES COVERED, BUT WAS SEEKING A BALANCE OF PROCUREMENT LIBERALISED. SHE STRESSED THE OPENNESS OF THE US PROCUREMENT MARKET, AND THE FREEDOM OF PRIVATE TELECOMMS FROM QUOTE BUY AMERICA UNQUOTE OR GOVERNMENT INFLUENCE. SHE CLAIMED THAT 67 PERCENT OF ALL PROCUREMENT COVERED BY THE CODE WAS IN THE US, AND A MAJORITY OF TELECOMMS

EQUIPMENT PROCURED CAME FROM ABROAD. WE INDICATED A READINESS TO LOOK AT THE US ARGUMENTS IN DETAIL. (COMMENT: THE MATTER MAY COME UP AGAIN DURING THE VISIT OF ROBERTS, DTI).

9. ON INTELLECTUAL PROPERTY (TRIPS), AS ON PROCUREMENT, THE US CONSIDERED THE EXISTING AGREEMENT NOT TO BE UP TO STANDARD. IT WOULD NOT CONVINCE THE INDUSTRY OR CONGRESS OF THE MERITS OF A MULTILATERAL APPROACH (WHICH SHE WOULD GREATLY PREFER) WHEN THEY WERE DOING VERY WELL BILATERALLY. THIS POSED A RISK TO THE ROUND, FOR WHICH THE SUPPORT OF THE US FILM, RECORD AND PUBLISHING INDUSTRIES WAS VITAL. THE EC AND US SHOULD HAVE A COMMON FRONT: DIFFERENCES SUCH AS OVER FIRST TO FILE OR FIRST TO INVENT WERE OF NO ACCOUNT COMPARED WITH PROTECTION OF PHARMACEUTICALS. BUT THE EC SEEMED PREPARED TO BOW TO LDC PRESSURE, AND TO BE PREPARED TO SETTLE FOR A WEAK AGREEMENT WHICH IN US EYES WOULD BE WORSE THAN NOTHING. THERE WAS NO GOOD REASON TO REDUCE DEMANDS OF THE LCDS: IT WOULD NOT MAKE THEM MODERATE THEIRS ON AGRICULTURE.

10. ON SERVICES, MRS HILLS REPEATED THE POINT THAT THE US WAS NEGOTIATING INTIAL COMMITMENTS WITH 31 COUNTRIES BUT THEY WERE NOT NEGOTIATING AMONG THEMSELEVES. (COMMENT: WE HAVE NEVERTHELESS HEARD NOTHING OF HOW THESE US BILATERALS ARE PROGRESSING). THE EC AND US SHOULD HAVE MANY COMMON INTERESTS, AND NEEDED TO REINFORCE EACH OTHER. WE SAID THAT EC REQUEST LISTS WERE IN PREPARATION, BUT WE SAW COMPLETION OF THE FRAMEWORK AS THE FIRST PRIORITY. MRS HILLS AGREED ON THE IMPORTANCE OF THIS, AND HOPED IT WOULD STILL BE POSSIBLE SUBSTANTIALLY TO COMPLETE THIS BY THE SUMMER: USEFUL DISCUSSIONS WERE UNDER WAY AMONG THE QUAD COUNTRIES.

#### NON-ROUND ISSUES

11. A DISCUSSION OF THE EC DATA PROTECTION DIRECTIVE QUICKLY BECAME DIVERTED INTO A RE-RUN, ALONG FAMILIAR LINES, OF THE DEBATE ABOUT THE EC BROADCASTING DIRECTIVE, MRS HILLS USING THIS AS AN EXAMPLE OF A CASE WHERE AN EC DIRECTIVE HAD GONE BADLY WRONG.

12. MRS HILLS STRESSED THAT EC ASSOCIATION AGREEMENTS WITH EASTERN EUROPE MUST COMPLY WITH GATT ARTICLE 24, BY COVERING SUBSTANTIALLY ALL AREAS OF TRADE INCLUDING AGRICULTURE, SERVICES, INVESTMENT AND INTELLECTUAL PROPERTY. THEY WERE CONCERNED THAT E EUROPEAN RESTRUCTURING MIGHT LEAD TO INCREASED TARIFFS, WHILE THE EC, ALREADY THE LARGEST TRADING PARTNER, WOULD BENEFIT FURTHER FROM ZERO RATES UNDER THE AGREEMENTS: THIS

WOULD BE UNACCEPTABLE WHEN THE US WAS ALSO BEING ASKED TO GIVE LOANS AND PREFERENTIAL ACCESS TO THE US MARKET. WE NOTED THAT THERE WOULD BE THE OPPORTUNITY TO EXAMINE THE AGREEMENTS, AND THE COUNTRIES' TARIFF SCHEDULES, IN GATT. MR GAREL JONES TOLD MRS HILLS THAT US PRESSURE FOR THE ASSOCIATION AGREEMENTS TO BE GATT-COMPATIBLE WAS HELPFUL. BUT HE EXPRESSED DISAPPOINTMENT AT THE LOW LEVEL OF US FINANCIAL ASSISTANCE TO ROMANIA.

## COMMENT

13. LITTLE NEW HERE, BUT THE MEETINGS WERE CONDUCTED IN A FRIENDLY ATMOSPHERE, SERVED TO CONSOLIDATE RELATIONS BETWEEN UK MINISTERS AND MRS HILLS, AND GAVE FURTHER EVIDENCE OF INCREASED OPTIMISM FOLLOWING US FAST-TRACK EXTENSION AND THE OECD MINISTERIAL. MORE WORRYING WAS CONFIRMATION OF THE US'S UNCOMPROMISING STANCE NOT JUST ON TRIPS BUT ON GOVERNMENT PROCUREMENT. STRAWS IN THE WIND ON E EUROPE.

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ADDITIONAL 1

FRAME

SAVING 4WARSAW  
BUCHARESTBUDAPEST  
PRAGUE

NNNN

USA

24 January 1980

Visit to London by the US Trade Representative

The Prime Minister has seen your letter to me of 23 January. She agrees that there is no need for her to receive Mr. Askew.

I am sending a copy of this letter to Stuart Hampson (Department of Trade).

MICHAEL ALEXANDER

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

88

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Foreign and Commonwealth Office

London SW1A 2AH

*Prime Minister*

*Agree A?*

*Yes me  
Am 23/1*

23 January 1980

*Dear Michael,*

Visit to London by the US Trade Representative

The American Embassy have told us that President Carter's new Trade Representative, Mr Reuben Askew, who was formerly Governor of Florida, will be in London on 21/22 February. His main object is to make a speech on the evening of 21 February at a function organised by the Trade Policy Research Centre. He has asked if it would be possible to call on the Prime Minister while he is here. The American Embassy tell us that they are also trying to set up calls on Mr Nott and Sir Keith Joseph.

A

Our Embassy in Washington agree with our view that, unless the Prime Minister particularly wishes to see Mr Askew, there is no need for her to do so. If you agree, we will tell the American Embassy that the Prime Minister's commitments on the dates in question will not permit her to receive Mr Askew.

I am sending a copy of this letter to Stuart Hampson (DOT).

*Yours etc*

(P Lever)  
Private Secretary

M O' D B Alexander Esq  
10 Downing Street  
LONDON

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THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT



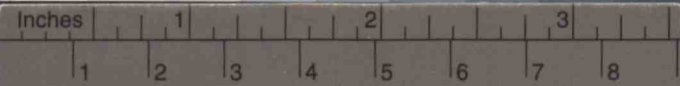
23 JAN 1981



# Grey Scale #13



**A** 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



## Colour Chart #13

Blue      Cyan      Green      Yellow

