

Subject

Trade

NOTE FOR THE RECORD

cc Mr. Alexander
Mr. Franklin (Cabinet Office)

The Secretary of State for Trade called on the Prime Minister at 1845 last evening. Mr. Nott said that he was faced with a very difficult decision on the question of imports of synthetic textiles from the USA. He had been trying to get the EEC to act for 8 months, but they had so far done nothing. In the meantime, factories were closing as imports continued to grow. Big political pressure was building up in favour of firm and effective action against US imports. A decision was needed on Monday in time for the EEC Foreign Affairs Council on Tuesday.

There were three options (which were set out in OD(E)(80)7): do nothing, ask the Commission to take action on behalf of the UK, take unilateral action. He had still to make up his mind which of these to go for. He would be discussing the matter with Mr. Parkinson over the weekend. His officials were inclined to the second course, but he was given to the view that unilateral action would be preferable. This was because he believed that action by the Commission would be totally inadequate: this belief was strengthened by information that the President of the Commission was backing away from the idea of tough action. He was well aware, however, that there were serious objections to this course: in particular, it would upset the Commission, and probably increase the likelihood of US retaliation. But on the whole, he did not think the US would retaliate. In reaching a view on which of the options to go for, he was concerned that OD(E) would not take sufficient account of the internal political considerations. He therefore hoped that the Prime Minister would be willing to consider the matter if OD(E) were unable to reach agreement.

The Prime Minister said that one way or another effective action must be taken. She would of course be willing to consider further if OD(E) were unable to reach agreement.

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