



*Ind. Pol.*

DEPARTMENT OF TRANSPORT  
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*Thompson*

The Rt Hon John Nott MP  
Secretary of State for Trade  
Department of Trade  
1 Victoria Street  
LONDON  
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22 February 1980

*Dear John,*

Michael Edwards copied to me his letter to you of 11 February about British Leyland's trading difficulties. I have also seen a copy of the letter from the Prime Minister's office of 14 February asking you to let her have your comments on Sir Michael's letter.

Sir Michael raises two points in my field. The first one concerns type approval for cars. The suggestion Sir Michael makes for confining foreign cars to the Minister's Approval Certificates (MAC) system of individual vetting is I am afraid not a starter. As he says, the Commission took the view not entirely without reason, that this was a discriminatory arrangement because our manufacturers can get the equivalent approval for their entire production of a particular model. Even so it had patently been of little effect in reducing imports. OD(E) agreed last July that the position was untenable and I have therefore undertaken that EEC manufacturers will have access to the general type approval system as soon as necessary

regulations can be made. To go back on that undertaking would inevitably bring a reference to the European Court.

We cannot rule out the possibility that the French will try to manipulate type approval requirements to hamper the BL-Honda project. But that is something we can tackle with them and, if necessary, with the Commission only when we have facts to go on. Retaining the MAC requirement would not in practice help.

We may be able to be more helpful over Sir Michael's second point - type approval for commercial vehicles. Discussions between British Leyland, the Department of Industry, your Department and my own Department were already under way when Sir Michael wrote. There would be manpower implications of any such scheme - it might need as many as 50 civil servants depending on its extent and effectiveness. We shall therefore need to judge when we have the full facts whether a cost-effective scheme can be mounted.

I should say that I have a great deal of sympathy with British Leyland's problems and I think Sir Michael Edwardes has overcome some formidable difficulties. Clearly we must do everything we can to remove real obstacles and ensure that we do not create more. I hope we can do all we reasonably can to give home industry the right sort of help and protection.

/ I am enclosing a couple of paragraphs which you  
may like to use for your reply to Michael Edwardes.

I am copying this letter to Peter Carrington,  
Keith Joseph, Jim Prior and to the Prime Minister.

A handwritten signature in dark ink, appearing to read 'Norman Fowler'. The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail that ends in a small flourish.

NORMAN FOWLER

DRAFT PARAGRAPHS FOR MR NOTT'S REPLY TO SIR MICHAEL EDWARDES

I am afraid your suggestion that we should continue to confine EEC manufacturers to the MAC system is not on. It became clear last year that unless we gave manufacturers from the European Community access to the general type approval scheme the Commission would refer the question to the European Court and that we would stand no chance of winning the case. We have promised the Commission to amend the regulations as soon as possible and we cannot go back on that. But we do not intend to go further than we must. The MAC procedures will remain necessary for non-EEC imports.

As you will know we are looking with your people at possible schemes for extending type approval to commercial vehicles. It is too soon to say what the outcome will be but I am sure Norman Fowler will want to be as helpful as resources permit. If you do have any specific problems with other countries' type approval schemes I do hope you will let Norman Fowler know at once so that we can see what can be done.



22 FEB 1988