

cc Euro POL: July 80
Air Transport Policy.



Weekend Box

Prime Minister

(2)

From the Secretary of State

Dear Sir,

Recd. 16/7

Michael Alexander Esq
Private Secretary to the Prime Minister
10 Downing Street
London, SW1

① Could we forward copies
of the Times and edition of 15 July 1980
this letter to Jim S. Hopkins &
Mr. Welsh provided. Do I have no objection.
(i.e. see 3. Nov)

Dear Michael,

② On air fares, I understand F. Keller wants
to run a service from Paris to Rome. I have the
impression that the British
agreed pending to J. Nov. - I hope
we shall
do nothing to
F. Keller.

MEETING WITH THE EUROPEAN DEMOCRATIC GROUP

In your letter of 3 July you asked for information about the anti-dumping case against Russian Christmas cards and the Department's initiatives to reduce European airfares.

As far as the anti-dumping case is concerned, Mr Welsh's remarks to the Prime Minister totally misrepresent the situation. First, the staff of case officers in the anti-dumping unit does not amount to anything like the figure of 80 given by Mr Welsh. The total is, in fact, 17, broadly comparable to the Commission level which we understand to be 18, but our departmental figure includes 4 working on the Davignon steel anti-crisis measures, which are handled elsewhere in the Commission. In addition, both we and the Commission have around 7 clerical and support staff working in the anti-dumping field. Although responsibility for taking anti-dumping action on behalf of the Community now rests with the Commission, the Government has undertaken in its manifesto, as you will be aware, to give every support to industry against unfairly priced imports and this is why we have retained an active anti-dumping unit whose services are much in demand in the present economic climate.

Second, the Department did not delay the submission of the anti-dumping complaint to the Commission nor did it advise the industry to do so: rather it devoted a great deal of time and effort to attempts to put a realistic case together. The facts are that the Department held a number of meetings with the British Printing Industries Federation, beginning in August 1979, to help and advise it on the preparation of a complaint to put to the European Commission. It soon became apparent, however, that the main interest of the BPIF was less in anti-dumping action and more in bringing pressure to bear on HMG to regulate imports of Soviet cards by other means. Its delays in handling the anti-dumping complaint ultimately became so embarrassing in relation to the weight of pressure from MPs and other correspondents that the Minister for Trade had personally to write to the Federation urging it to get a move on and we let it be known publicly that he had done so.



From the Secretary of State

When the application eventually reached the Commission last month, so far from acting effectively, as Mr Welsh puts it, they decided that they could not recommend opening an investigation immediately but that the BPIF should be asked to provide further information to ensure that there was a sound basis for taking action under the terms of Community legislation. In particular they were not convinced that the imports were large enough to be causing real damage. This is how matters now stand.

As it happens, by way of response to public hostility in the press and Parliament and following behind-the-scenes pressure from officials of this Department, the Soviet authorities have now decided to withdraw from the Christmas card trade after fulfilling the remainder of the existing contract. In the light of this it is possible that the anti-dumping complaint may not get off the ground but we here are willing to go on helping the BPIF if it wishes to continue with its application.

We therefore consider that Mr Welsh's criticisms are unjustifiable. This is all the more disappointing to us as a number of senior officials here have personally taken time to brief Mr Welsh on anti-dumping matters to help him in his work as rapporteur in the European Parliament's External Economic Relations Committee.

As far as European airfares are concerned, my Secretary of State and Mr Tebbit have taken a number of opportunities to make it clear that they believe that a better deal is needed for the air traveller. In the European Community we have taken a leading part in a study of methods to liberalise regional cross-border services and we expect the Commission to bring forward firm proposals for discussion in the Council during the next few months. As a result of a United Kingdom proposal the Council of Transport Ministers in Luxembourg on 24 June instructed the Commission to examine the level of scheduled passenger airfares in Europe and to report back. This is of course only a first step and we are having great difficulty in persuading our Community partners of the need for change. Nevertheless it is an important step forward and in welcoming the Council's instruction Mr Tebbit said that he hoped that the examination could be done quickly and confirmed that the United Kingdom would take a full part in it. Our bilateral agreements do not allow us to unilaterally reduce airfares but we have taken action in a number of cases to reduce or refuse proposed increases where we thought that the proposed level was too high. In advance of any multilateral agreement in the Community we shall continue to take bilateral action where we have the power in appropriate cases.

A copy of this letter goes to the recipients of yours.

Yours ever,

Nicholas McInnes

N McINNES
Private Secretary



Secretary of State

The enclosed copy of the report of the Committee on the subject of the proposed amendments to the Bill is being sent to you for your information. The Committee has considered the proposals and has expressed its views thereon. It is of the opinion that the proposed amendments are desirable and should be adopted. The Committee has also suggested certain amendments to the Bill which it considers should be made. These amendments are set out in the report and are being sent to you for your consideration. It is suggested that you should consider the Committee's proposals and report and advise the Government accordingly.

As it appears that you are not in a position to deal with the Committee's proposals at the present time, it is suggested that you should refer the matter to the appropriate authorities for their consideration. It is suggested that you should also refer the matter to the appropriate authorities for their consideration. It is suggested that you should also refer the matter to the appropriate authorities for their consideration.

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16 JUL 1980

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Private Secretary