

Ann's British

see the history
in history



The Chancellor is concerned that we are not acting quickly enough against

Treasury Chambers, Parliament Street, SW1P 3AG disruptive imports
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either from within or from outside the EEC. He wishes to discuss at your next meeting with him.

PRIME MINISTER

We shall need
John Diffin
there
not

UNITED KINGDOM TRADE POLICY

The recent visit of the Japanese inevitably brought up once again the question of the policy we should adopt towards certain imports in the light of the trade policies of other countries. This is familiar territory and no-one doubts the problems and complexities. But I have an uneasy feeling that we have not yet got the balance entirely right. There are two aspects which particularly concern me.

2. The first is the considerable constraint which our membership of the European Community places on our ability to react quickly and flexibly to particular problems. This is important both in relation to third countries and to particular threats arising from damaging import penetration from other EC countries (for example the recent case concerning French turkeys). The second aspect concerns the Whitehall and Governmental machinery.

3. On the EC aspects. Selective controls on imports from outside the EC can of course be imposed under the GATT (Article XI) when imports threaten serious injury to domestic producers. I know from the case of two quotas we imposed last year on synthetic textiles from the US there are considerable difficulties in operating under this Article not least the need except in emergency to seek Commission approval in advance of taking action through the relevant management committee. But I wonder whether we make as much use of the Article XI

/as we might



as we might and whether the machinery for considering these cases is as expeditious as it should be. I have in mind here cases where a rapid response is needed to severe problems arising suddenly for particular industries on a sectoral basis. Here if action is long delayed it can easily prove to be too late. A related problem is the very lengthy delay in the EC handling of dumping cases. My feeling is that notwithstanding Commission sensitivities about competence we ought to begin pressing very strongly within the Council - using the growing strength of feeling there is on this question in other member states - to press for some more general rule allowing member states greater freedom to take effective and immediate national action against disruptive imports.

4. I am also concerned about our apparent inability to take effective action - either through the introduction of formal import controls or (as others seem to be able to do) through administrative means - against damaging import penetration from other EC countries.

5. This brings me to my second point of major concern. I wonder if we have the right machinery in Whitehall for dealing with specific cases of this kind when they arise. Various interests are always involved and there is usually a variety of possible means of taking action, for example, public purchasing, economic protection and the question of standards. In particular cases we need to consider all possibilities, whilst still taking account of wider considerations including the danger of retaliation. We have no systematic means of doing this.

6. We are of course committed to a general policy of free trade within the framework of our international agreements, and I am not in the least questioning this. But within the general policy we have always recognised the place for selective protectionist measures in special circumstances. What I am /questioning is

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questioning is whether we have the means and machinery for sufficiently swift and effective action in those particular cases and whether we should not devote some considerable effort and energy in the two areas I have suggested to improving the position.

7. Perhaps we could discuss this general question and its handling at our next regular meeting?

J. H.

GEOFFREY HOWE