



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Minister of State

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

17 September 1980

New Prime Minister,

COMMISSION DIRECTIVE UNDER ARTICLE 90 OF THE TREATY OF ROME

As Peter Walker is in South America at the moment, I am writing to set out the views of this Department on paper C(80)53 which is due to be taken at Cabinet tomorrow morning.

We should be very reluctant to see the UK challenge, in the European Court of Justice, Commission Directive No. 80/723 which is designed to bring greater transparency into the financial relations between Member States and their public undertakings. We should find it very difficult to explain to our industries why we were trying to prevent the Commission from taking powers which would enable them to investigate unfair financial practices by other Member States when it is exactly those practices which our industries fear are harming their commercial prospects.

We appreciate that the Directive does give rise to substantial legal and constitutional issues. But it is now known that both France and Italy have decided to challenge the Directive on broadly the same constitutional grounds as those we might put forward.

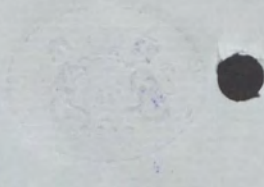
In the circumstances we strongly favour Option 8(i) in the paper ie that we should take no action against the Directive leaving the Italians and the French to bring the issues to the European Court. In this way the Court will have the opportunity to study the legal issues involved without the Government incurring the wrath of UK industries.

I am copying this letter to other Cabinet Members and to Sir Robert Armstrong.

*Your ever
Alick*

Alick Buchanan-Smith

THE UNIVERSITY OF CHICAGO
LIBRARY



18 SEP 1980

