



10 DOWNING STREET

THE PRIME MINISTER

17 July 1981

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CC Trade
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for copy taken to
Ottawa by Michael

Dear Count Lambsdorff,

Thank you for your letter of 4 June about the new origin marking Order which we laid before Parliament earlier this year. I have been in touch with John Biffen about the points you make.

I am concerned that there seems to be some misunderstanding between us about the purpose of this Order and its practical effects. As you know, we have firmly resisted domestic pressures to introduce protectionist measures. Like you, we are fully committed to maintain the open trading system within the Community as well as with our other major trading partners. So there is no question of our introducing origin marking requirements for protectionist purposes. Mrs. Sally Oppenheim, Minister of State for Consumer Affairs, has made this abundantly clear inside and outside Parliament and has consistently rejected demands for the inclusion of protectionist features in the new requirements. Indeed the British Government has no legal power to introduce origin marking as a protective device; the powers under which the Order has been made may be exercised only in the interests of consumers.

We commissioned two independent surveys of consumer opinion in the United Kingdom before proceeding with the new requirements. They satisfied us that the great majority of British consumers want fuller origin information than is available to them at present; and that such information is of genuine assistance to them in their purchasing decisions. We would certainly not agree that it is of no objective value, as you suggest - still less that its availability will work to the disadvantage of imported goods. That may be true in some countries; but here, on the contrary, many of our imports,
/particularly from

particularly from the rest of the Community, are origin-marked already; and consumers here react favourably to origin indications on products imported from countries like the Federal Republic, which have a high reputation for quality and reliability.

I entirely agree that the continued expansion of Community trade must remain a prime objective for both our countries. I do not believe that the new marking requirements can be regarded, as you suggest, as a trade barrier. The Order applies equally to British and to imported goods. The obligation to ensure that goods are marked rests only with retailers. Imports cannot be refused entry or delayed in the ports because they are unmarked; the order will be enforced by local authorities, not by customs officers. The marking requirements have deliberately been made as simple and flexible as possible. And there is of course no question of goods being excluded from the British market because they could not by their nature comply with the new requirements.

You mention, finally, the compatibility of the Order with Article 30 of the EEC Treaty. We are in direct touch with the Commission about this and have kept them fully informed of the development of our proposals since the middle of last year. Mrs. Oppenheim recently discussed the issues with Commissioner Narjes and explained that - for the reasons I have outlined in this letter - we are satisfied that the Order is entirely consistent with existing Community law.

We would of course be very willing to discuss this matter further in detail with you. If you agree that this would be useful, perhaps your officials could get in touch with ours at the Department of Trade. One of the points which they might take up touches the particular interest of German companies in outward processing, to which you refer in the Memorandum enclosed with your letter and which has already been raised in Community work on the proposed textiles origin marking Directive.

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Dr. Jur Otto Graf Lambsdorff.