



From the Secretary of State

*Targeted in most
deputy.
= Attorney ->
fill up the need for
US money
from country*

*Thanks - - (van r)
(family)
Full of goodwill.*

102 - 11

CONFIDENTIAL

Michael Scholar Esq
Private Secretary to the Prime Minister
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London
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*Political economy
of the
Summit*

*Comments on
summary*

26 October 1982

*Points of interest
Public Affairs -
Home Dept*

Dear Michael,

U.S. President

ANGLO-GERMAN SUMMIT: PROTECTIONISM

At her briefing meeting this afternoon the Prime Minister asked for a note of some examples of what might be termed German protectionism.

The most glaring relate to the services sector, notably:-

Insurance:

the Germans are among the most rigid Community countries in their insistence on retaining national controls, impeding operation of the proposed non-life insurance services directive and so obliging United Kingdom insurance companies to establish subsidiaries in Germany rather than write business for German policyholders direct from the United Kingdom.

Air Transport:

again the Germans are one of the most illiberal of our partners. Their attitude to the modest Community reforms that have been proposed - in respect of both fares and new services - is dominated by regard to the cost of support for their railways and by energy-conservation considerations.



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Road Transport:

the Germans have a very restrictive quota against movements by lorries operated by, and from, other Member States. The United Kingdom is permitted only 40,000 lorry movements per annum: our quota is particularly small, being based on our pre-Accession trade pattern. We operate a similar quota only by means of retaliation. Germany's quota is only matched in its severity by the Italians'.

In trade in goods, the German market is in theory as open as any. However, the operation of their machinery safety regulations creates, in practice, as the Germans well know, significant impediments to the sale of foreign machinery, particularly if it is not constricted to a German standard.

A celebrated German non-tariff barrier is the medieval law on the "purity of beer", which in practice prevents the sale of foreign beer in Germany. This has, we believe, recently caught M. Mitterand's attention, and the Commission are at last taking the matter up in Bonn.

The Prime Minister will no doubt prefer to avoid the area of public procurement.

I am copying this to John Kerr (Treasury), Brian Fall (FCO) and to Jonathan Spencer (Industry).

Yours sincerely,

JOHN RHODES
Private Secretary