

N.P.C. Mitchell

Duty Clerk

11/12/81

PERSONAL AND CONFIDENTIAL

PRIME MINISTERNational Standards and International Trade

In his minute to you of 10th December the Chancellor of the Exchequer raised the question of the allocation of responsibilities for standards between Departments, and the inhibiting effects that present arrangements may have upon our ability to regulate standards in a way that promotes international trade. The Chancellor and the Secretary of State for Industry favour giving responsibility for standards to the Secretary of State for Industry, but the Secretary of State for Trade, who at present has the responsibility, is opposed to a transfer.

2. The Chancellor suggests that you, he and the two Departmental Ministers concerned might discuss the question; and also suggests that the Machinery of Government Division in the Management and Personnel Office should be asked to examine what would be involved in a transfer. In my view this latter suggestion would be worth taking up, if colleagues were agreed that there is a question to be considered. I understand, however, that we are not there yet, and that the Secretary of State for Trade, who is very strongly opposed to a transfer of functions, does not know that the Chancellor has sent you this minute. If his officials are to be asked to contribute to a study of the question, he will have to be brought to agree that there is a question to be studied.

3. Despite the Chancellor's minute, I do not think that the case for a transfer is clear-cut. No doubt the Department of Industry would be especially sensitive to the arguments for protecting the interests of British industry; but there are other interests involved - including that of the consumer. It ought to be possible to reconcile the various interests, where they conflict, within the present arrangements and without a transfer of functions; and, even if that were not possible, there might be other ways of doing so than the transfer of functions now proposed, which could look uncomfortably like a rather obvious device to raise our non-tariff barriers.



PERSONAL AND CONFIDENTIAL

4. One possible course would be for you to tell the Chancellor that you are not prepared to consider a transfer of functions and you have asked me to examine (with the Permanent Secretaries concerned) how the present arrangements can be improved so as to ensure that the matters with which the Chancellor of the Exchequer and the Secretary of State for Industry are concerned are properly taken into account.

*Amend*  
→  
*mtg*

5. Otherwise I think you will have to have a meeting of the Ministers concerned - the Chancellor of the Exchequer and the Secretaries of State for Industry and for Trade - in order to persuade the Secretary of State for Trade that the possibility of a transfer of functions should be further examined. You could then invite me to arrange, in consultation with the Departments concerned, for the production of an agreed statement of the facts, the pros and cons of a transfer of responsibilities, and some assessment of other possible ways of dealing with the problem.

Robert Armstrong

*(drafted by Sir R Armstrong  
& signed on his behalf)*

11th December 1981

Copy to Mr. Hordson



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

NATIONAL STANDARDS AND INTERNATIONAL TRADE

At a meeting of my Steering Group on Strategy (MISC 14) last week, we discussed a report by the CPRS on National Standards and International Trade. This was a follow-up of earlier work by the CPRS for E(EA) Committee 18 months ago.

2. In their latest Report, the CPRS analysed the situation in Germany on standards, regulations and certification. It is clear that the German arrangements are better co-ordinated; there is a more effective legal status for standards and all this has provided an effective way of raising the quality of their products and increased saleability in international markets where in many instances they set the standard required. It is also clear that our own progress in the standards area since the earlier set of CPRS recommendations were accepted has been slow.

3. I am concerned that a major factor inhibiting more rapid progress is the division of responsibility in this area between the Departments of Trade and Industry; Employment also have a substantial interest through the Health and Safety Executive. I suspect that the problem is compounded by the fact that officials in Trade have become much concerned with the detailed administrative aspects of standards and this tends to inhibit their taking the more imaginative view needed if we are to create a system as effective as that in Germany. I also believe that



over the years Ministers in the Department of Trade have tended, quite naturally, to be affected in their thinking on this subject by their other - and sometimes conflicting - responsibilities, such as consumer protection and international negotiations on the removal of non-tariff barriers.

4. The Department of Industry, on the other hand, can see the importance of this area from the point of view of their general responsibility for UK industrial competitiveness, and are quite clear on the sort of changes needed to raise the quality of UK manufactured products. They have the specific responsibility for public purchasing policy, which is an important influence on the use of standards, and for the National Physical Laboratory which will have a key role to play under the new proposals agreed by MISC 14; they also have strong working links with the British Standards Institute. Patrick Jenkin and his officials are keen to make rapid progress, but are held back by the difficulty of carrying their colleagues in Trade with them, since the initiative in much of the field depends on the latter.

5. At last week's meeting we accepted a range of recommendations by the CPRS and these will go ahead on the basis of continued joint effort by the Departments of Trade and Industry. Much of what is needed can be achieved by administrative improvements within existing statutes, and although some legislative change may eventually be required this is a relatively minor part of the problem. I believe that prospects of rapid progress would be greatly improved if overall responsibility for standards were given to the Department of Industry. At MISC 14 John Biffen spoke against the transfer and subsequently wrote round re-affirming his objections. Nevertheless, I think the case for a transfer is very strong. If you also take this view, you might like to have a word with John Biffen, Patrick Jenkin and myself. One way of proceeding then would be to instruct the Machinery of Government people in the MPD to work out exactly what would be involved in a transfer before a final decision is taken.

PERSONAL AND CONFIDENTIAL



6. I am sending a copy of this minute to Sir Robert Armstrong.

*G.H.*

G.H.

10 December 1981

CONQUEROR