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From the Principal Private Secretary

22 December 1981

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Dear John,

NATIONAL STANDARDS AND INTERNATIONAL TRADE

The Prime Minister held a meeting this morning with the Chancellor of the Exchequer, the Secretary of State for Industry and the Secretary of State for Trade to discuss where departmental responsibility for national standards should lie. Sir Robert Armstrong and Robin Ibbs were also present.

The Prime Minister said that she had seen the minutes of the meeting of MISC 14 held on 30 November 1981 (MISC 14(81) 2nd Meeting) and had noted that there had been an inconclusive discussion about whether responsibility for national standards should be transferred from the Department of Trade to the Department of Industry.

In discussion it was agreed that the United Kingdom's institutional arrangements for promoting standardisation and quality were fragmented, with responsibility for standards and certification split between a number of departments. At the moment it took a very long time to write standards. They had to be agreed by everyone concerned in the industry, and this meant in practice that their main effect was to shelter the inefficient. Instead of protecting our domestic markets standards should be designed with the positive purpose of trying to help our industries to be more competitive overseas. Germany, for example, had long since recognised that if her industries complied with good standards, certified by government-recognised bodies, their products sold better in international markets. The need for an improvement in the United Kingdom's arrangements was accepted by all the departments concerned. But nothing would happen unless someone was clearly in the lead and was charged with the task of pulling together the present fragmented arrangements and devising a common, coherent approach.

It was argued, on the one hand, that because the task of establishing a new system had a very strong industrial flavour, it would be right to vest responsibility for it in the Department of Industry. The Department of Trade's

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approach to the question of standards was understandably coloured by its responsibility for consumer protection. On the other hand, it was pointed out/the existing machinery was well established and what was needed was to use it more vigorously rather than to have the inevitable disruption which would arise from changes in departmental responsibilities.

The Prime Minister, summing up the discussion, said that it was clear that we were lagging behind other countries in our arrangements for promoting standardisation and quality and this was weakening the competitive position of British industry. If industry was to change its attitude to the purpose and value of standards, Government would have to give a positive lead. Whether this required a change in departmental responsibilities was not yet clear, and she would be grateful if Sir Robert Armstrong would arrange, in consultation with the departments concerned, for a study of the advantages and disadvantages of a transfer of functions to be carried out as quickly as possible.

I am sending copies of this letter to Ian Ellison (Department of Industry), John Rhodes (Department of Trade), David Wright (Cabinet Office) and Gerry Spence (CPRS).

Yours ever,

Shirley Williams.

John Kerr Esq.,
HM Treasury.