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Prime Minister

MR POWELL (10 Downing Street)

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EUROPEAN COURT OF JUSTICE CASES ON INSURANCE

The Advocate-General at the European Court of Justice has now given his opinion, in cases brought by the Commission against France, Denmark, the Federal Republic of Germany and the Republic of Ireland, that certain barriers which those countries have erected against insurance companies from other member states contravene the Treaty of Rome. These cases relate to the provision of co-insurance, where large commercial insurance risks are shared by more than one insurer. The United Kingdom intervened in the European Court of Justice on behalf of the Commission and we adjusted our negotiating tactics within the Community in order to be able to exploit a favourable decision, if it could be obtained. If the Court follows the Advocate-General's opinion, the judgment would be a step towards the completion of a free market in services throughout the Community, an important United Kingdom objective.

The Advocate-General's opinion carries weight with the European Court, but it is only when the Court gives its final judgment, which may not be until late summer or autumn, that we shall know whether it has carried the day. The Advocate-General's opinion is, however a good step in the right direction.

I am sending copies to Colin Budd (FCO), Rachel Lomax (Treasury), John Mogg (DTI) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

21 March 1986