

18th February, 1981

The E.E.C.

Thank you for your letter of 16th February, with which you enclosed a copy of a letter of the same date, which you had sent to Peter Carrington.

I will be most interested to see a copy of his reply.

If I may say so, I think that your letter to Peter is an excellent one.

IAN GOW

Richard Shepherd, Esq. M.P.  
House of Commons



FROM: RICHARD SHEPHERD M.P.



HOUSE OF COMMONS  
LONDON SW1A 0AA

16 February, 1981.

Dear Ian,

As requested, I enclose a copy of the letter that I have sent today to Peter Carrington following on his assertion to the European Affairs Committee last Tuesday that the balance of our trade with the EEC is greatly in our favour. I personally found it an extraordinary assertion but perhaps the FCO has further and better particulars than those presently available. Perhaps Lord C's information on this subject would account for the way in which his Department handles our relations with Europe. Despite the Prime Minister's commitment on open government, it is extremely difficult to get the Foreign Office to reveal the basis on which it arrives at policy. This is particularly so in relation to Europe and the reluctance is shared both by the Treasury and by M.A.F. The conclusion arrived at by quite a number of us is that the economic case is a poor one and that the economic consequences of membership have been detrimental to the national economy. I actually asked Nigel Lawson in a Parliamentary Question recently (2 February) if he would publish any papers prepared by the Treasury quantifying the effects of British membership of the European Economic Community on the national economy or part of it. He answered no. The reluctance to reveal the economic case for membership suggests it may not be as conclusive as the FCO maintain, and indeed if the level of appreciation is that of the Foreign Secretary, Foreign Policy may be based on incorrect economic assumptions. One accepts of course that political considerations can always over-ride economic ones but this country's political interests should not be so far divorced from its economic interests.

Contd/.....



2.

There was no doubt that the P.M. struck a very real cord in the country with her determined stance on the budgetary settlement. I noticed with interest that Lord C. is already pushing to next year CAP and budget reform!

Many thanks for your kind letter to Mrs. D. Coonagh.

Yours,  
Eionagh

Ian Gow Esq., M.P.  
The House of Commons,  
London,  
SW1A 0AA

Enc:





HOUSE OF COMMONS  
LONDON SW1A 0AA

16 February, 1981.

Along with others I was surprised with your answer to Jonathan Aitken at last Tuesday's European Affairs Committee when you indicated the U.K.'s balance of trade with the other member countries of the EEC is substantially in our favour, and that as a consequence it would be wrong to suppose that existing trading arrangements would persist in the absence of our continuing membership of the Community.

Cecil Parkinson in a Parliamentary Answer of 27 October last stated that the crude deficit in total trade with the EEC was £3,011 million in 1979 and £517 million in the period January to September last year. If you take out of the calculation our exports to the EEC in crude oil and precious stones the deficit rises to £4,430 million for 1979 and £2,516 million for the first nine months of last year. And in the same Parliamentary Answer Cecil indicates that we suffered a deficit in trade in manufactures (less precious stones) of £3023 million in 1979 and £1867 million for the first nine months of 1980: it is interesting to note that the figures on a similar basis with the rest of the world show a U.K. surplus of £4,346m and £3867m, and for the whole year we enjoyed a favourable trade balance of £5,556 million whilst experiencing a total deficit of £1,884 million with member nations of the EEC:

United Kingdom Crude Trade Balance in Manufactures  
less Precious Stones with the European Community and  
the Rest of the World.

	<u>European Community</u>	<u>Rest of the World</u>	<u>£million</u>
1970	+ 385	+ 1832	
1971	+ 293	+ 2453	
1972	+ 10	+ 2101	
1973	- 381	+ 1773	
1974	- 713	+ 2398	
1975	- 603	+ 4136	
1976	- 650	+ 4675	
1977	- 807	+ 5894	
1978	- 1866	+ 5474	
1979	- 2843	+ 4166	
1980	- 1884	+ 5556	



2.

It is because of these figures that some of us have difficulty in understanding your argument that our continental competitors would wish to damage the basis on which they trade with us, should we cease to be members of the Community, when they so manifestly benefit from the present arrangements.

I enclose copies of the P.Q. answers to which I refer.

May I also thank you on behalf of the Committee for sparing the time to address us.

The Rt. Hon. The Lord Carrington, KCMG., MC.,  
The Secretary of State for Foreign and Commonwealth  
Affairs,  
Foreign and Commonwealth Office,  
Downing Street,  
London,  
SW1A 2AL

Enc:



MONDAY 27 OCTOBER 1980, 12.01, 2 million 015 basis

6

UNITED KINGDOM TRADE  
WITH EUROPEAN COMMUNITY

EXPORTS IMPORTS CRUDE  
BALANCE

UNITED KINGDOM TRADE  
WITH REST OF WORLD

EXPORTS IMPORTS CRUDE  
BALANCE

TOTAL TRADE

	EXPORTS	IMPORTS	CRUDE BALANCE	EXPORTS	IMPORTS	CRUDE BALANCE
1970	2354	2439	- 85	5707	6598	- 891
1971	2659	2914	- 255	6522	6907	- 385
1972	2938	3519	- 581	6807	7619	- 812
1973	4030	5208	- 1178	8424	10632	- 2207
1974	5502	7704	- 2202	10993	15363	- 4370
1975	6417	8786	- 2369	13504	15342	- 1838
1976	9168	11385	- 2217	16601	19770	- 3169
1977 (a)	12156	14173	- 2017	21175	22805	- 1630
1978	14084	16576	- 2492	23298	24354	- 1056
1979	17885	20896	- 3011	24919	27571	- 2653
1980 JAN-SEPT (e)	15461	15977	- 517	21352	23739	- 2387

TRADE LESS CRUDE OIL AND PRECIOUS STONES (b) (c)

	EXPORTS	IMPORTS	CRUDE BALANCE	EXPORTS	IMPORTS	CRUDE BALANCE
1970	2197	2347	- 149	5466	5630	- 164
1971	2391	2715	- 325	6246	5717	+ 530
1972	2731	3382	- 651	6377	6278	+ 99
1973	3700	5033	- 1332	7720	8656	- 935
1974	5141	7314	- 2173	10266	11054	- 788
1975	6030	8316	- 2286	12685	11380	+ 1304
1976	8472	10772	- 2301	15390	14574	+ 816
1977 (a)	10807	13493	- 2686	19080	17394	+ 1686
1978	12536	15706	- 3170	20483	18957	+ 1526
1979	15313	19743	- 4430	21380	21985	- 605
1980 JAN-SEPT (e)	12728	15244	- 2516	18415	18657	- 241

TRADE IN MANUFACTURES LESS PRECIOUS STONES (d) (c)

	EXPORTS	IMPORTS	CRUDE BALANCE	EXPORTS	IMPORTS	CRUDE BALANCE
1970	1767	1420	+ 346	4649	2778	+ 1871
1971	1927	1691	+ 235	5363	2853	+ 2511
1972	2180	2224	- 44	5460	3305	+ 2154
1973	2897	3345	- 449	6548	4707	+ 1841
1974	3971	4752	- 781	8654	6187	+ 2467
1975	4557	5234	- 677	10724	6503	+ 4222
1976	6508	7242	- 734	13099	8291	+ 4808
1977 (a)	8413	9383	- 970	16229	10173	+ 6056
1978	9542	11540	- 1998	17395	11790	+ 5605
1979	11706	14729	- 3023	17991	13645	+ 4346
1980 JAN-SEPT (e)	9547	11414	- 1867	15486	11619	+ 3867

NOTES: (a) Figures up to 1976 are on an SITC Rev 1 basis, and subsequently on Rev 2. The resulting discontinuity is, however, very small.

(b) SITC 331.01 (Rev 1); SITC 333 (Rev 2).

(c) Taken as SITC 66 (Non-metallic mineral manufactures n.e.s.) as full details of trade in precious stones with the European Community is not available for all these years. In value terms, precious stones now account for about 70 per cent of the UK's

16k

16k



Manufactured Goods

Mr. Eddy Taylor: asked the Secretary of State for Trade if he will publish a table showing the deficit or surplus in trade with the EEC and the rest of the world, respectively, in manufactured goods, excluding oil and precious stones, in 1980; and if he will publish a table showing the relative deficits or surpluses in each year since 1970.

Mr. Parkinson: The available information is as follows:

UNITED KINGDOM CRUDE TRADE BALANCE IN MANUFACTURES<sup>1</sup> LESS PRECIOUS STONES<sup>2</sup>  
WITH THE EUROPEAN COMMUNITY<sup>3</sup> AND REST OF THE WORLD  
£ million

	European Community	Rest of the World
1970	+ 385	+ 1832
1971	+ 293	+ 2453
1972	+ 10	+ 2101
1973	- 381	+ 1773
1974 <sup>4</sup>	- 713	+ 2398
1975	- 603	+ 4136
1976	- 650	+ 4675
1977	- 807	+ 5894
1978	- 1866	+ 5474
1979	- 2843	+ 4166
1980	- 1884	+ 5556

Notes:

1. SITC Sections 5 to 8. (Oil is classified to section 3 and not included under manufacturers).
2. Taken as SITC 66 (Non-metallic mineral manufacturers nes) as full details of trade in precious stones with the European Community are not available. In value terms precious stones now account for about 70 per cent of the United Kingdom's trade with the Community (excluding Greece) under SITC 66.
3. Including Greece.
4. Figures up to 1974 are on a Real basis and subsequently on Rev. 2. The resulting discontinuity is, however, very small.

Source: Overseas Trade Statistics