

NOTE OF A MEETING HELD AT 9.30 am on WEDNESDAY 30 APRIL 1980
in ROOM 11.01 ASHDOWN HOUSE

Present

Secretary of State
Mr Rhodes
Mr Cassidy

Portuguese Ambassador
Commercial Attaché, Portuguese Embassy

1 The meeting was part of an introductory round of calls on Ministers by the recently appointed Portuguese Ambassador.

2 The Ambassador said that the Portuguese economy was not out of the woods but was recovering. Britain was Portugal's main trading partner and he was therefore particularly pleased that the Secretary of State was able to see him. He had hoped that the visit could simply be one to pay his respects but he had also to mention the state of Portugal's EEC negotiations. The plan was that negotiations should be finished early in 1981 with full membership in 1983 and negotiations were going at a reasonable pace. There was however the problem of textiles in which the UK was particularly involved. He had seen the Minister for Trade and knew the UK's problem but Portugal was a little worried that the UK had raised in Brussels the possibility of quantitative restrictions on textiles after accession. That would make Portugal the first country to accede to the Community with trade restrictions during the transitional period. The Secretary of State replied that the need for such arrangements was a tribute to the formidable nature of the Portuguese textile industry. He was afraid he could give the Portuguese Ambassador little comfort in this matter as the UK industry needed to be given a breathing space to adjust itself to Portuguese competition. The Commercial Councillor explained that Portugal's textile exports in 1978 had been lower than in 1973/74. There had been a breakdown in production after the Revolution and pre-revolutionary figures had only been re-attained in 1978/79. The Secretary of State replied that the UK had a large textile industry, which had been much larger. The Government had to allow time for this to adjust but the matter was mainly one for his colleagues in the Department of

/Trade ...

Trade. He would make sure that what the Ambassador had said would be reported to the Secretary of State for Trade and to the Prime Minister. He welcomed the return to vitality of the Portuguese economy.

3 The Ambassador went on to say that Portugal exported around 50% of its textiles to the UK whereas only 6% of UK imports were from Portugal. The Secretary of State replied that the position varied considerably from sector to sector. For example in cotton yarn 1/3rd of UK imports were from Portugal. The intention was only to quota specific sectors and there was no suggestion of a cut in imports. The Ambassador replied that Portugal had received enthusiastic support from its allies including the UK in its efforts to join the EEC. The present Portuguese Government saw eye to eye on policy with the British Government but would find it politically difficult to accept such a unique restriction. The Secretary of State replied that there were always transitional arrangements when new countries acceded to the EEC. The UK itself had been subject to many such arrangements. He accepted the political importance of the matter to the Portuguese Government and said that it was primarily for the Secretary of State for Foreign & Commonwealth Affairs.

4 The Ambassador said that he had had instructions from his Government to make clear to the British Government that failure to achieve^a satisfactory position in textiles might make Portugal suspend negotiations for entry to the EEC. All the indications from Lisbon were that this was not a negotiating stance but that the Government was holding fast to this position. He had to make it clear that Portugal would take a firm line on this matter.

X The Secretary of State replied that he was ^{not} the negotiating Minister in this matter. He would pass on the Ambassador's comments. The UK also regarded this matter as one of importance.

5 The Ambassador mentioned that the Portuguese Prime Minister would be paying a short visit to the UK on 19 May when he would meet the Prime Minister and other Ministers. He also said that he regretted that agreement had not yet been reached in Brussels

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on the VRA arrangements for 1980. But he did not regard this as a major problem. Before leaving, at the request of the Secretary of State, he suggested a book entitled "Contemporary Portugal" as giving a scholarly and authoritative account of Portuguese history since the revolution.

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1 May 1980

Circulation

PS/Ministers
PS/Secretary
Mr Manzie
Mr Ridley
Mr Benjamin
Mr Hudson
Mr Ingram

PS/Prime Minister
PS/SoS for Foreign &
Commonwealth Affairs
PS/Lord Privy Seal
PS/SoS for Trade