



From the Secretary of State

Robin Butler Esq  
Principal Private Secretary  
to the Prime Minister  
10 Downing Street  
London  
SW1

Prime Minister

The views expressed by the representatives of the Trade are contradictory. They say both that the sanctions are pointless because they can get the wool through the EC and that they are being damaged because they can't get the wool. Both can't be true.

MT

But x / is the point you were most interested in -  
25 October 1982

FERB

25.10

Dear Robin,

#### ARGENTINE WOOL

.... You spoke to me about a piece on this morning's "Today" programme about imports of Argentine wool. I attach a transcript.

The industry's complaint, as reported, is that it is placed at a competitive disadvantage by being unable to import cheap Argentine wool. The point has previously been raised with both this Department and the Department of Industry by both the industry's trade association, the Confederation of British Wool Textiles, and Sir Russell Sanderson writing on behalf of a particular company. Our reply has been to regret any difficulties which the continuing trade embargo may be causing the United Kingdom industry, but explaining that we are doing everything possible to secure an early return to normal peaceful trade with Argentina. Such agreement has to be on a reciprocal basis, and depends of course on Argentine willingness to negotiate.

It is quite possible that Argentine wool is finding its way into the United Kingdom after initial processing in the EC. We do not believe it would be in our negotiating interests to lift the embargo. This could in turn bring demands for lifting the embargo on other Argentine products, such as grain, and stiffen the Argentines' resolve not to negotiate.

It is also worth noting that when the United Kingdom embargo was imposed, about 80% of the United Kingdom's requirement for the year was already in transit and thus qualified for entry permits. In short, the industry's deprivation is not as significant as they might wish some to believe.

X | Finally, Mr Timpson's final remark - "we did approach the Department of Trade for answers to these points but they declined to comment" - is incorrect. The BBC contacted our Press Office late last Thursday, 21 October, requesting an interview with





*From the Secretary of State*

either the Secretary of State or the Minister for Trade. Neither was available. The Department's Press Office did, however, give a full explanation of our policy of reciprocity on lifting the embargo, and said their statement could be quoted on the programme. I understand that the BBC, whom we contacted today, accept this and that arrangements are being made for the Minister for Trade to be interviewed on the point this evening in Luxembourg.

*Yours sincerely,*

A handwritten signature in black ink, appearing to read 'John Rhodes', written in a cursive style.

JOHN RHODES  
Private Secretary

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PARKER BISHOP

PLEASE PASS FOR THE URGENT ATTENTION OF MIKE GRIFFITHS

BBC RADIO 4 'TODAY' 7.10.A.M. 26/10/82

JOHN TIMPSON: WELL, NOW ACCORDING TO THE BRITISH WOOL INDUSTRY WHEN BRITAIN IMPOSED SANCTIONS AGAINST THE IMPORT OF ARGENTINE WOOL BECAUSE OF THE FALKLANDS CRISIS, WE MIGHT WELL HAVE SAID - THIS IS GOING TO HURT US MORE THAN IT HURTS YOU - BECAUSE THEY SAY THE ONLY DAMAGE THAT'S BEEN DONE IS TO BRITISH WOOL COMPANIES AND NOT TO ARGENTINA. WELL NOW THAT OTHER EEC COUNTRIES HAVE LIFTED THEIR SANCTIONS THEY WANT BRITAIN'S TO BE LIFTED TOO. HUGH SYKES HEARD THE ARGUMENTS.

H.SYKES: THE BRITISH WOOL FEDERATION CAN'T UNDERSTAND THE POINT OF THESE SANCTIONS NOW, THEY SAY THAT THEY'RE DAMAGING BRITAIN A LOT AND ARGENTINA NOT AT ALL. THE CHAIRMAN OF THE WOOL FEDERATION, BOB JOWETT, SAYS THE SANCTIONS ARE RIDICULOUS AND COMMERCIAL LUNACY. I ASKED HIM TO EXPLAIN.



MR. JOWETT: VERY SIMPLY BECAUSE THE WOOL WHICH WE ARE PROHIBITED FROM IMPORTING BY THE GOVERNMENT'S EMBARGO, CAN STILL REACH OUR UNITED KINGDOM CUSTOMERS SIMPLY BY THOSE CUSTOMERS BUYING THE PRODUCE OF THE WOOL, EITHER THE SCOURED WOOL OR THE TOPS OR THE YARN, FROM ANY OF OUR COMMON MARKET PARTNERS, THEY HAVE NO EMBARGO ON SOUTH AMERICAN WOOL AND THEREFORE ONCE THAT WOOL HAS BEEN MANIPULATED ON THE CONTINENT, IT BECOMES OF EUROPEAN ORIGIN AND THEN IT'S PERFECTLY LEGAL FOR OUR SPINNERS AND CUSTOMERS TO IMPORT THOSE GOODS FROM FRANCE OR ITALY OR GERMANY OR WHEREVER YOU LIKE. I WOULD HAVE THOUGHT THAT THE OBJECT OF SANCTIONS WOULD BE TO PENALISE THE OFFENDING PARTY, THIS ONLY PENALISES THE BRITISH PARTY.

H. SYKES: THE MAIN CUSTOMERS FOR ARGENTINE WOOL ARE THE IMPORTERS THEMSELVES AND THE EARLY PROCESSORS, THE PEOPLE WHO DEAL WITH THE RAW WOOL, GREASY FROM THE SHEEP'S BACK: YORKSHIRE WOOL COMBERS AT LEEDS ARE ONE EXAMPLE OF A COMPANY LIKE THAT. THEIR 58 PEOPLE TURN THE RAW WOOL INTO TOPS, LONG ROPES OF FIBRES THAT ARE SENT ON TO THE SPINNERS AND THOSE TOPS NORMALLY HAVE A LOT OF CHEAP ARGENTINE WOOL IN THEM. I WONDERED IF THE MANAGING DIRECTOR OF YORKSHIRE WOOL COMBERS, STUART TWITCHELL, ALSO FELT THAT THE SANCTIONS WERE MEANINGLESS.

MR. TWITCHELL: WELL, I CERTAINLY DO, YES.

H. SYKES: WHAT'S IT DOING TO YOUR COMPANY AT THE MOMENT?

MR. TWITCHELL: ARGENTINE WOOL IS USED AS A CHEAPENER IN WOOL BLENDS AND THIS COULD AFFECT TRADE, EXPORT TRADE QUITE ADVERSELY. IT COULD BE THE LAST STRAW THAT BREAKS THE CAMEL'S BACK IN MANY CASES.

H.SYKES: HOW CLOSE DO YOU THINK YOU ARE TO HAVING YOUR BACK BROKEN?

MR.TWITCHELL: OH, EVERY TEXTILE FIRM IN THE TRADE IS FIGHTING VERY HARD FOR SURVIVAL AND IT'S OBVIOUSLY WELL KNOWN THAT AN AWFUL LOT OF FIRMS HAVE ALREADY GONE DOWN. IT IS A VERY HARD FIGHT AND WE CAN DO WITHOUT ANY FUTHER DIFFICULTIES.

H.SYKES: WHAT WOULD YOU LIKE THE GOVERNMENT TO DO NOW TO HELP YOU?

MR.TWITCHELL: IT'S VERY DIFFICULT, OUR COMPETITORS IN EUROPE ARE BEING ASSISTED IN VARIOUS WAYS, I DON'T LIKE GOVERNMENT ASSISTANCE PERSONALLY BUT WE'VE OBVIOUSLY GOT TO BE GIVEN EQUAL OPPORTUNITIES TO SURVIVE- SURELY WE'RE NOT ACHIEVING ANYTHING BY THE SANCTIONS, THE WOOL IS BEING SOLD TO EUROPE INSTEAD OF THE UK, ONCE AGAIN GIVING THEM AN ADVANTAGE.

J.TIMPSON: WELL, NOW WE DID APPROACH THE DEPARTMENT OF TRADE FOR ANSWERS TO THESE POINTS BUT THEY DECLINED TO COMMENT.

SENT 1242/25/10/82 JFP

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Argentina  
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10 DOWNING STREET

*From the Principal Private Secretary*

28 October 1982

Dear John,

ARGENTINE WOOL

Thank you for your letter of 25 October about Argentine wool, which I have shown to the Prime Minister.

Yours sincerely,

Robin Butler

John Rhodes Esq.,  
Department of Trade.

ALB