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10 DOWNING STREET

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From the Principal Private Secretary

SIR ROBERT ARMSTRONG

European Community

The Prime Minister is concerned that, when the post-Stuttgart package on the reform of the Community's financing and the "relaunch" of the Community is settled, probably in June, we should be ready to put forward within the Community specific initiatives of potential benefit to the United Kingdom. She recognises that we did set out certain objectives in the paper which we tabled on new policies and that some of these - for example, on transport and on insurance - are being followed up. She has in mind two points in particular.

First, she would like to know whether we can identify specific products or product areas in which the absence of common standards within the Community is a clear barrier to the development of United Kingdom production and exports to other member states. If so, can we specify the products on which we might press for action within the Community with a reasonable prospect of success. She has noted the importance which the French and Germans apparently attach to this issue, including standards for new products of high technology, and would therefore be glad to know whether we can gain industrial advantage by deflecting attention within the Community towards products of potential interest to United Kingdom manufacturers and exporters.

Secondly, the Prime Minister has noted that there are pressures within the Community (which will no doubt increase if there is a settlement on Community financing) for collaborative action in specific sectors of technological importance. Following the decision on the ESPRIT programme on research and development in information technology, there is already a first discussion within the Community about biotechnology and telecommunications. The Prime Minister attaches great importance to the principle of cost effectiveness set out in the paper on new policies. Subject to that point, she would like to know whether there are significant existing obstacles to collaboration between enterprises or possibilities for enlarging the markets for products of interest to us which we might follow up. She does not want to leave the French making the running.

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CONFIDENTIAL

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The Prime Minister would be grateful if you could arrange for officials to look at these points and to submit a note to OD(E) in advance of the European Heads of Government meeting on 25-26 June. | BF

I am sending copies to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Energy, the Secretary of State for Trade and Industry and the Secretary of State for Transport.

FR/B

11 May, 1984

CONFIDENTIAL

A Message from
DAVID WILLIAMSON

ROBIN BUTLER

Here is a draft minute for you to send to Sir Robert Armstrong about standards and other industrial programmes within the Community, on the lines discussed during the Prime Minister's visit to Paris on 4 May. The Foreign and Commonwealth Office and the Department of Trade and Industry are aware that a minute on these lines may be coming.

11 May 1984

Df Williamson

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~~Draft minute for the signature of Mr Robin Butler~~

SIR ROBERT ARMSTRONG

EUROPEAN COMMUNITY

The Prime Minister is concerned that, when the post-Stuttgart package on the reform of the Community's financing and the "relaunch" of the Community is settled, probably in June, we should be ready to ~~identify and give some impetus~~ ^{put forward} within the Community ~~to~~ ^{initialiser} specific ~~actions~~ of potential benefit to the United Kingdom. She recognises that we did set out certain objectives in the paper which we tabled on new policies and that some of these - for example, on transport and on insurance - are being followed up. She has in mind, ~~however,~~ two points in particular.

First, she would like to know whether we can identify specific products or product areas in which the absence of common standards within the Community is a clear barrier to the development of United Kingdom production and exports to other member states. If so, can we specify the products on which we might press for action within the Community with a reasonable prospect of success. She has noted the importance which the French and Germans apparently attach to this issue, including standards for new products of high technology, and would therefore be glad to know whether we can gain industrial advantage by deflecting attention within the Community towards products of potential interest to United Kingdom manufacturers and exporters.

Secondly, the Prime Minister has noted that there are pressures within the Community (which will no doubt increase if there is a settlement on Community financing) for collaborative action in specific sectors of technological importance. Following the decision on the ESPRIT programme on research and development in information technology, there is already a first discussion within the Community about biotechnology and telecommunications. ~~President Mitterrand clearly attaches a lot of importance personally to such initiatives for cooperative action, whether on a Community level or among commercial enterprises in two or more member states, and the Prime Minister wishes to be prepared if he returns to this theme at the next European Council in Fontainebleau on 25-26 June. The United Kingdom's approach was set out in the paper on new policies, namely that:~~

"in considering what policies the Community should pursue as a priority, the United Kingdom believes that the principal criterion should be whether more can be achieved, or can be achieved more economically, by action on a Community basis rather than nationally".

~~For reasons of public expenditure and the best use of scarce resources this principle of cost-effectiveness must be respected. There is no question of picking or aiding winners. But the Prime Minister would like to know whether there are significant existing obstacles to collaboration between enterprises or possibilities for enlarging the markets for products of interest to~~

The Prime Minister attaches great importance to the principle of cost-effectiveness set out in the paper on new policies. Subject to that point, she

/us

us which we might follow up. ~~She would be glad~~
to know whether we can identify sectors where,
while respecting these principles, the United
~~Kingdom could benefit.~~ She does not want to leave
the French making the running.

The Prime Minister would

~~I should~~ be grateful if you could arrange
for officials to look at these points and to
submit a note ^{to OD(E)} ~~for the Prime Minister~~ ^{in advance of}
~~in good time before~~
the European Heads of Government meeting on 25-26 June.

I am sending copies to the Private Secretaries
to the Foreign and Commonwealth Secretary, the
Chancellor of the Exchequer, the Secretary of State
for Energy, the Secretary of State for Trade and
Industry and the Secretary of State for Transport.