



FCS/84/150

Prime Minister

SECRETARY OF STATE FOR TRANSPORT

A.J.C. 2/5.

Transport Council: 10 May

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1. Thank you for your letter of 14 May.
2. Since I was not at Cabinet on Thursday, I did not have an opportunity then to congratulate you on the outcome of the Transport Council. I was glad to see the outcome on transport infrastructure and on lorry quotas.
3. You have also got very good publicity for your initiative on air transport liberalisation. We are going to have an uphill struggle in the Council but, as this week's Economist pointed out, consumer pressure in Europe may come to our aid. I am particularly glad that we have been able to press ahead with one of our key new policy objectives. It shows that, while others tend to talk in vague and general terms about the future of Europe, we actually come up with proposals of real benefit to Europe's citizens. I was able to emphasise this point at Monday's Press Conference to launch the manifesto. I hope we can continue to do so over the next few weeks.
4. I am copying this minute to the Prime Minister.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

22 May 1984

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Prime Minister

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A.S.C.  $\frac{14}{5}$

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs

14 May 1984

MS

TRANSPORT COUNCIL: 10 MAY

I can report that we made some very useful progress at the Transport Council on 10 May; particularly on liberalisation of road haulage and aviation.

On road haulage, although the Germans and other restrictionist states would not agree to a date for full liberalisation, I was able to secure agreement to the establishment of a high-level group of officials with a remit to work out a timetable for liberalisation and for harmonisation in parallel. The group will report back to the December meeting of the Transport Council. I made it clear that we could not agree to further harmonisation measures without a firm timetable for liberalisation, and the terms of reference for the group reflect this understanding. For the immediate future I was also able to obtain agreement to a 30% increase in the road haulage quota for 1985, and cumulative increases of 15% for each of the following four years. This is the largest increase in the quota ever agreed, and will greatly help our road haulage industry. It takes us a useful step towards the fully liberal arrangements we want, although the details for achieving these will still take considerable effort and work.

The discussion on aviation was less difficult than I expected, although the Germans and Danes remain strongly resistant to change. The Council agreed that there should be a report, again by December, on measures which could be adopted to liberalise air transport. The basis for the discussions will be the Commission's recent Memorandum and Proposals. I do not think we could have realistically hoped for more than this - and indeed many thought we would achieve less. I am sure that the impetus for reform was significantly helped by the announcement I made that the UK would no longer require domestic airlines to consult on fares, and the news of the new British Airways, British Caledonian and KLM fares to Amsterdam.

I received strong support on both air and road transport from the Dutch Minister and will be meeting her again shortly to try to work out a liberal bilateral agreement on air services between the United Kingdom and the Netherlands.

We were also able to obtain a reasonably good assurance, in the Council Conclusions on Vehicle Weights and Dimensions, that our need for a derogation on maximum weights would be respected as part of the balanced package covering this; the quota; and other road transport issues.

The Council also agreed a two year Regulation allocating the 1983 and 1984 Budget funds for transport infrastructure; this should bring us a small net benefit of about £1.25m. No commitment was made to longer-term infrastructure support.

There was also agreement to a Recommendation on co-operation between the Community's railways, and to Resolutions on Road Safety and Drivers Hours. On all of these I was able to secure texts which were very close to our preferred versions.

The French thus had an unusually successful Transport Council, which also served our interests better than has been the case for some time.

Copies of this letter go to the Prime Minister ✓  
the members of OD(E) and to Sir Robert Armstrong.



NICHOLAS RIDLEY

14 June 1984

