

NDRM 187 1212

MR TURNBULL

9 July 1984

CAR PRICES

The Chancellor and the Foreign Secretary have argued in favour of cheaper car prices in the UK, backing the EEC's original request which would have delivered this.

However, DTI has fought long and hard against cheaper cars. They have succeeded in getting the EEC to water down their proposals substantially. Instead of insisting on a full range of all motor vehicles being made available in all markets of the EEC - thus allowing people to shop across borders - it has now been confined to passenger cars only. And instead of the Commission automatically moving in where a producer's prices are more than 12 per cent higher than in the cheapest European market, the Commission is now prepared to say that it may act when price differences arise; but it will compare UK prices with French and German and not with Danish and Belgian markets, where the cars are much cheaper.

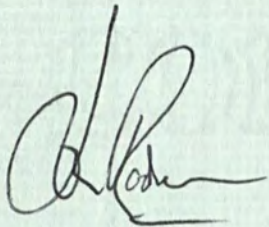
Even this horribly watered down proposal may not be accepted by the DTI. However, whether the DTI do accept it or don't accept it, they have succeeded in getting the Government a bad press. The Government has opposed cheaper car prices and the interests of the customers, and has attempted to thwart a sensible intervention from Brussels in favour of



making the Common Market genuinely common and making it work. There are two substantial own-goals.

The best we can now do is to:

- i. accept the EEC watered down proposals immediately; and
- ii. make a robust statement that we do want UK manufacturers and distributors to bring their car prices down, as they are too high.



JOHN REDWOOD