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10 DOWNING STREET

*From the Private Secretary*

9 May 1986

**INTERNATIONAL NATURAL RUBBER AGREEMENT**

The Prime Minister this morning held a meeting to discuss the International Natural Rubber Agreement. The Foreign Secretary, the Chief Secretary, the Attorney General and your Secretary of State were present. The meeting had before it your Secretary of State's minute to the Prime Minister of 8 May.

Summing up a brief discussion, the Prime Minister said that the United Kingdom could not withdraw from the existing agreement or refuse to take part in negotiations for its renewal. The most effective course would be to press the Community to take a tough line in negotiations within the existing mandate in the hope that this would lead to a breakdown of the discussions.

The Prime Minister said that the negotiating position needed to be clarified and stiffened. The "objectives" for the forthcoming session of the renegotiation set out in Annex A of the paper by officials circulated by your Secretary of State should be seen as conditions for acceptance of a renegotiated agreement. It should be absolutely clear that the buffer stock manager must not exceed his authority and that if he were to do so no liability would fall on member states. Those who dealt with him would need to be absolutely clear about that. The maximum further liability of the United Kingdom should be no more than £2½ million. Achievement of all the conditions would be necessary for a renegotiated agreement to be acceptable to the United Kingdom, and Ministers should be consulted again if during the course of the negotiations there appeared to be any danger that the United Kingdom could be pushed into a position where an agreement would be on the cards which did not incorporate all the conditions.

On other matters, the Prime Minister said that consideration should be given to how best to gain the support of the United States for the position being taken by the United Kingdom. The review of policy towards commodity agreements at present being carried out by the Department of

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Trade and Industry should be completed and have been discussed and a position agreed by Ministers before the start of the United Kingdom Presidency.

I am copying this letter to Robert Culshaw (Foreign and Commonwealth Office), Jill Rutter (Chief Secretary's Office), Michael Saunders (Attorney General's Office), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Michael Stark (Cabinet Office).

(DAVID NORGROVE)

Michael Gilbertson, Esq.,  
Department of Trade and Industry.

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