

CONFIDENTIAL

DEN seen

Qz.05029

MR HOLROYD

cc: Mr Powell, 10 Downing Street
Mr Renwick, FCO
Mr Unwin
Mr Stark

INTERNATIONAL NATURAL RUBBER AGREEMENT

At the Foreign Affairs Council yesterday the Minister of State, Foreign and Commonwealth Office, Mrs Chalker, set out firmly the conditions which would need to be met if this agreement were to be renegotiated: in particular, she made clear that the buffer stock manager must not exceed his authority and that, if he were to do so, we would accept no liability falling on member countries. I took the opportunity in the margins of the Council, before Mrs Chalker made her statement, to hammer these points home to the Commission and in consequence their reply was also robust. This does seem to have been reflected already in the negotiations in Geneva. The stiffening of the Community's line has made even more apparent the sharp divergence between consumers and producers, since the producers are still demanding the moon (eg an increase of 30 per cent in prices). There is already speculation in Geneva whether the result will be a breakdown of negotiations for this session or a total breakdown of the negotiations altogether.

D F Williamson

D F WILLIAMSON

13 May 1986

CONFIDENTIAL