



Secretary of State for Trade and Industry

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CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
& Commonwealth Affairs
Downing Street
LONDON
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Dear Secretary of State,

FUTURE ARRANGEMENTS FOR TIN

In the wake of the tin crisis, discussions are already beginning both in the International Tin Council and in the European Community, on the arrangements which might be set up to succeed the Sixth International Tin Agreement.

As I made clear in my letter of 25 April to the Chancellor I believe that both the International Tin Agreement and the International Tin Council should only be kept in being as long as is necessary to deal with the legal actions arising from the tin crisis.

So far as any successor arrangements to the ITA are concerned, we need to consider our position. I am sure we would all agree that there could be no question of our supporting any new agreement with market intervention provisions of any sort. I am quite certain moreover, that it would not be possible to get adequate consumer support for such a body, and even the producer countries might have second thoughts.

The question is therefore whether we should support the establishment of a Tin Study Group, broadly on the lines of the International Lead and Zinc Study Group, or whether we should take the line that it is not necessary to have future arrangements relating to tin.

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I believe that the potential benefits from study groups are limited, and my own preference would therefore be for us to state now that we do not wish to have anything to do with any future arrangements for tin. I understand that in the context of a study group there would be no problems of Community competence in our taking an independent line. This might incline others to take a similar line. At present indications are that virtually all the consumers currently in the ITA would go along with a study group; and the producers would probably accept it was the best deal they could get. The French have, however, said that a condition of joining such a group should be a wide coverage of producers and consumers. So far there is no clear evidence as to whether any of the major producers and consumers currently outside the ITA would join a study group.

The International Tin Council has arranged a Preparatory Committee to meet on 30 May to discuss future arrangements for tin. Non-member countries have been invited to attend. I understand that the European Community member countries intend to attend the meeting but to say that as far as future arrangements are concerned these should be looked at outside the auspices of the present International Tin Council. I entirely agree that if any new body were to be set up, it should be as far as possible distanced from the present ITC.

So far as the present ITA is concerned, I believe that we should seek to ensure that it is possible to bring both the Sixth ITA and the Tin Council to an end by 30 June 1987, when the Sixth ITA is due to expire, or earlier if possible. We should recognise however that it might be necessary to keep both the Agreement and the Council, or possibly just the latter, in being so that legal actions against the Council can be dealt with. Some Member Countries might also require a means by which they could justify to their Parliaments the payment of their share of any judgement which might be made against member countries. This could be important to the UK if we were sued on a joint and several basis. I also believe that in order to minimize costs, we should seek the maximum possible reduction in the staff of the ITC as soon as possible, now that many of its functions have ceased.

In summary I therefore recommend

- ✓ a) we should state that we do not wish to participate in any future arrangements relating to tin;
- ✓ b) we should seek to ensure that the present ITC and ITA should be capable of being wound up by 30 June 1987 or earlier if possible;



- ✓ c) should it be necessary to keep either the ITC or the ITA and the ITC in being beyond June 1987 to deal with legal actions, this should be done, at a minimum cost;
- ✓ d) we should press for the maximum reduction of ITC staff as soon as possible in view of the considerably curtailed functions of the Council.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, the Solicitor General, the Governor of the Bank of England, and to Sir Robert Armstrong.

Yours sincerely,

Michael Gilbertson

PP PAUL CHANNON

(Approved by the Secretary of State and signed in his absence)

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