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PRIME MINISTER

INTERNATIONAL NATURAL RUBBER AGREEMENT - RENEGOTIATION

The second session of the Conference to renegotiate the International Rubber Agreement ended without agreement on 23 May. A third session has been scheduled for 6 - 17 October 1986. The current INRA ends in October 1987 and the proposed October 1986 session is probably the last effective opportunity to conclude a successor Agreement because of the time needed by Governments to ratify any new agreement.

2 The interdepartmental review of Commodity Policy should be ready very soon and we will be able to take this into account both in our stance within the Community and in our preparations for the third negotiating session in October.

3 One very important factor which we will have to bear very much in mind is our position in relation to the Community. Legal advice is that, if an agreement were to materialise in October which was acceptable to our Community partners, but not to us, we could not, at the end of the day, refuse to join in unless we were prepared to face legal proceedings in the European Court. This would be very difficult. Such a move would obviously require very careful consideration, all the more because there



does seem to be a significant possibility that we would fail.

Whether we did or not, there is also a considerable risk that we might lose some of our existing freedom in this and other areas.

There is also the added complication that we would in effect be taking on the rest of the Community at the same time as we are holding the Presidency.

4 In this intervening period we should therefore seek to influence other Member States to adopt a tough line. But this will not prove easy, as although support was forthcoming from some Member States for a tough line on INRA, others, notably France, Italy and to some extent Germany, advocated a very flexible approach and were clearly prepared to compromise at some point in order to secure a new agreement.

5 The UK delegation at the second session did well in stiffening resistance to attempts by the Conference chairman, abetted by the US delegation, to promote an unsatisfactory compromise, and their efforts were under-pinned by an extensive lobbying campaign in capitals.



6 I am copying this minute to the Secretary of State for Foreign and Commonwealth Affairs, the Chief Secretary, the Attorney General, the Minister for Agriculture, Fisheries and Food and to Sir Robert Armstrong.

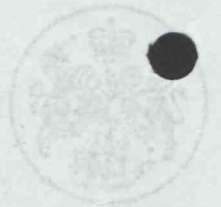
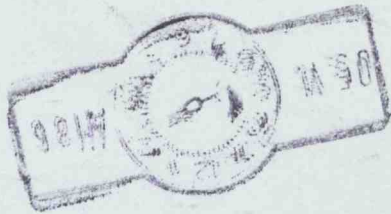
P.C.

PAUL CHANNON

4 June 1986

Department of Trade and Industry

17
1986
BOARD OF TRADE
BICENTENARY





10 DOWNING STREET

Prime Minister!

Agree that Mr
Channon, with his 6 share,
should lobby for a tough
line, and that you
would be willing to raise
this in the margins of the
European Council at the
end of the month?

DS
11/6.

Yes not

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10 DOWNING STREET

From the Principal Private Secretary

12 June 1986

INTERNATIONAL NATURAL RUBBER AGREEMENT - RENEGOTIATION

The Prime Minister was grateful for your Secretary of State's minute of 4 June about the renegotiation of the International Natural Rubber Agreement.

The Prime Minister has noted that we could be in a difficult situation in October if an agreement acceptable to all other Community member states seemed possible. She understands this difficulty, but believes that we have time between now and October to ensure that our own tougher stance is more widely shared within the Community. She hopes that your Secretary of State with the Foreign Secretary will lobby vigorously. Mrs. Thatcher would be willing to raise this in informal bilaterals in the margins of the European Council at the end of this month and I should be grateful if briefing could be prepared accordingly.

I am copying this letter to Tony Galsworthy (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 NORRGROVE)

Mike Gilbertson, Esq.,
Department of Trade and Industry

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BM2AQ 9

bc: PC
B. Griffiths

285



Foreign and Commonwealth Office

London SW1A 2AH

23 June 1986

Dear David,

Prime Minister!
 Agree to write the foreign secretary's
 news ?

DRN
 24/6

Yes no

International Natural Rubber Agreement: Renegotiation

The Foreign Secretary has seen your letter of 12 June to Michael Gilbertson about the renegotiation of the International Natural Rubber Agreement. at flap

He shares the Prime Minister's lack of enthusiasm for commodity agreements and agrees that Ministers should take appropriate opportunities to ensure that their Community colleagues understand the UK's position. There will be opportunities for this in the margins of the European Council, at the July Foreign Affairs Council and in bilaterals, although as always we must be careful to distinguish between UK national positions and (after 1 July) our Presidency role.

Like the Secretary of State for Trade and Industry, however, Sir Geoffrey Howe believes that we must face the possibility that our Community partners, and indeed the United States, will be ready to accept the renewal of this particular agreement without all the amendments that we have hitherto identified as necessary. In these circumstances it would be extremely difficult for us to refuse to join the new Agreement, for the reason set out in paragraph 3 of the Secretary of State for Trade and Industry's minute of 4 June. Sir Geoffrey Howe therefore considers that, while we should continue to urge our amendments upon our partners, we should not use up too much credit in attempting to persuade them to adopt every aspect of our own approach. He believes that, at some stage in September, Ministers will need to review the prospects for the third session of the INRA conference, in order to decide how hard to continue to press the various improvements that we seek.

Yours ever,

(R N Culshaw)
Private Secretary

David Norgrove Esq.
 PS/10 Downing St

TRADE Movements in Volume PT3

Foreign and Commonwealth Office

London SW1A 1AA



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FILE

DA

(02)

PC BG
PC



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 June 1986

**INTERNATIONAL NATURAL RUBBER AGREEMENT:
RENEGOTIATION**

The Prime Minister has seen your letter to me of 23 June about the renegotiation of the International Natural Rubber Agreement and has noted the Foreign Secretary's views.

(DAVID NORGROVE)

R.N. Culshaw, Esq.,
Foreign and Commonwealth Office.

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ECL

DRN: See letter from you to DTI

see letter 12/6/86 (at flap) -

I spoke to DTI today. They advised
that the reply will be contained in the
European Council briefing provided by
Foreign Office.

Thanks.

Graynor

23 June 1986

132/6

Mr Norgrove

As please.

I suggest that the Prime Minister
minutes as below, or you on her behalf.

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Qz.05116

MR UNWIN

cc: Mr Norgrove, 10 Downing Street

11/6/86

INTERNATIONAL NATURAL RUBBER AGREEMENT: RENEGOTIATION

There is not the slightest reason to throw in the towel on our objective of putting forward such tough conditions for a renewed international natural rubber agreement that it founders. This remains true for the October session as it was true for the session which ended without agreement on 23 May.

2. It remains true that the producers are asking for too much, not only in the view of the United Kingdom but in the view of many other participants; that the United Kingdom will be holding the Presidency of the European Community during the October session; and that we should be lobbying to hold the Community to a firm line. We can set this lobbying in train and I think that a supplementary brief for informal bilateral contacts between the Prime Minister and some other Heads of Government in the margins of the European Council on 26-27 June would be worthwhile.

3. I suggest that the Prime Minister might reply to the Secretary of State for Trade and Industry on the lines of the attached draft.

D F Williamson

D F WILLIAMSON

10 June 1986

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Draft minute for the Prime Minister to send to the Secretary of State for Trade and Industry

INTERNATIONAL NATURAL RUBBER AGREEMENT: RENEGOTIATION

I was grateful for the report in your minute of 4 June and I have noted that the second session of the conference to renegotiate the international natural rubber agreement ended without agreement on 23 May.

~~A~~ We have already decided our policy at the Ministerial meeting on 9 May. ~~The Prime Minister has asked~~ You indicate that we could be in a difficult situation in October if an agreement acceptable to all other Community member states seemed possible. ~~I~~ ^{She} understands this difficulty but ~~we do~~ ^{believes that} have time between now and October to ensure that our own tougher stance is more widely shared within the Community.

~~I~~ ^{the Prime Minister} considers that ~~you~~ ^{your Secretary of State} should, in consultation with the Foreign and Commonwealth Secretary, set in hand such lobbying. I shall be willing myself to refer to our views in informal bilateral

contacts in the margins of the European Council on 26-27 June. ~~I~~ ^{should be grateful for appropriate briefing in due course}

I am sending copies to the Foreign and Commonwealth Secretary, the Minister of Agriculture, Fisheries and Food, the Chief Secretary, Treasury, the Attorney General and Sir Robert Armstrong.

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I am
sorry and in perfect sympathy with suffering and distress

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P 02087

*NBP at the
page*

From; J B UNWIN
5 June 1986

MR WILLIAMSON

cc Mr Norgrove
Mr Wiggins

cc BG


INTERNATIONAL NATURAL RUBBER AGREEMENT: RENEGOTIATION

in box
The Trade and Industry Secretary's minute of 4 June to the Prime Minister on the second renegotiating session on 23 May is remarkably uninformative and, reading between the lines, seems to offer only a slender prospect of achieving our objectives in October. There is no specific plan for further lobbying - only a vague reference in paragraph 4 to the need to influence other Member States to adopt a tough line.

2. Is there any more we can do in the EC? Is this something that the Prime Minister could be briefed to raise at the European Council at the end of this month, given (as I understand it) the fairly thin agenda? The legal advice too seems to be firmer and more discouraging than hitherto. Again, is there any scope for further soundings on this in Brussels?

3. I should be very grateful for your comments, and also if Mr Norgrove could stay his hand until we have considered this further. Given the history of unimpressive handling of this area in DTI, we may well need to press the Department to pursue this more skillfully and vigorously.



J B UNWIN

