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Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

27 June 1986

Dear Paul

Future Arrangements for Tin

Thank you for your letter of 20 June. It is encouraging that the ITC has recommended against a 7th International Tin Agreement, and has decided that any future international cooperation on tin should take place outside the framework of the 6th International Tin Agreement and its Council. This suggests that the lessons of the 6th ITA have been well learnt.

I remain doubtful about the wisdom of announcing now that we do not wish to take part in something as innocuous as an international tin study group. We shall be considering our attitude to traditional components of commodity policy in the interdepartmental review, which I understand is virtually complete. There are difficult problems and priorities to be weighed. I believe that, at least until we have taken decisions on the basis of the review, we should join in exploratory discussions of non-economic arrangements and reserve our opposition for proposals clearly contrary to overall UK policy and interests. I hope therefore that you will feel able to instruct the UK representative to express scepticism about a tin study group but to keep our options open.

/I

The Rt Hon Paul Channon MP

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

GEOFFREY HOWE

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CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Paul Channon MP
Secretary of State
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1E 6RB

NBPM.

9 July 1986

Dear Paul,

FUTURE ARRANGEMENTS FOR TIN

I have seen your letter to Geoffrey Howe of 20 June and his reply of 27 June on the question of participation in an international Tin Study Group.

I have already expressed my own scepticism about our membership of such a group (my letter of 2 June) though leaving you to judge the merits. The review of commodity policy to which Geoffrey refers suggests that UK participation in study groups should be decided on that basis. Your view is that a Tin Study Group would prove of doubtful value to the parties involved (including our own industry). Moreover, as the commodity review suggests, we must be vigilant to prevent any study group in the commodity area assuming new contingent liabilities or providing a focus for the re-growth of economic provisions. Recent experience for example with Jute and Bananas shows how groups once established can point the discussion and focus pressure towards agreements with economic provisions. There is no need to open up this possibility for tin.

As you suggest in your letter, we also need to consider what signals we would be sending out in the wider context of commodity policy. Following the current exchange of correspondence, we may yet need to spend more time considering each other's views on the interdepartmental study. But it seems to me that to refuse participation in this Study Group provides a most opportune way of signalling that we are prepared to look case by case with a new eye at any individual proposal in the commodity area, and that our support for old dogmas should not be taken for granted. This is surely the least that a new approach to commodity policy arising out of the tin crisis ought to entail. Given the history of the tin episode, the risks of causing offence are minimal.

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I therefore support your view that we should state as early as possible that the UK does not wish to participate in any future arrangements related to tin. Quite apart from the signals, the International Tin Study Group seems to have no useful purpose; and we should also bear in mind the special implications of any actions we take in the tin area for the time being.

I am copying this letter to the Prime Minister, Geoffrey Howe, Michael Jopling, Michael Havers, Robin Leigh-Pemberton, (Bank of England) and Sir Robert Armstrong.

Yours ever,

John

JOHN MacGREGOR

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cc/ga

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Secretary of State for Trade and Industry

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20 June 1986

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs,
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

NBPM.

Dear Geoffrey,

FUTURE ARRANGEMENTS FOR TIN

Thank you for your minute of 2 June. I have also seen the letters of 2 June from the Chief Secretary and the letter of 3 June recording the Prime Minister's views.

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I accept that as you state in paragraph 5 of your minute there are wider questions to be taken account of in considering our attitude to future arrangements for tin.

I also accept that study groups do not have the same potential to incur contingent liabilities as commodity agreements with economic provisions. However, I am far from convinced that a tin study group would bring about any very notable benefits either to the participating countries or to the industry concerned.

I therefore believe that on balance the advantage in this case lies in our stating from the outset that we do not wish to take part in any future arrangements on tin. This would have the advantage of underlining our view that a radical rethink of commodity policy is required, and it might induce others who would otherwise be reluctant to speak out, to do so on the same lines.

I therefore propose to instruct our representative that when this subject is discussed in Brussels, we should state that the

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UK does not wish to participate in any future arrangements relating to tin.

You may also like to know that at its session held from 29 May to 4 June, the International Tin Council passed a resolution recommending to members that it would not be necessary or appropriate that there should be a 7th International Tin Agreement. In making this resolution the Council noted that the question of the extension of the 6th International Tin Agreement was a separate matter and was being separately considered by the Council. The Council also decided that any future international cooperation on tin should take place outside the framework of the Sixth ITA and its Council. Such cooperation should not include market intervention measures.

As I said in my letter of 28 May, I regard it as important that we should if necessary for legal reasons be able to keep the 6th International Tin Agreement and/or the International Tin Council in being after the Agreement is due to expire on 30 June 1987. Lawyers from our Departments are carefully considering this point with the Treasury Solicitors in the context of the UK possibly being sued on a joint and several basis.

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

Yours, Paul

PAUL CHANNON

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