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FM LUXEMBOURG

TO IMMEDIATE FCO

TELNO 298

OF 272034Z OCT 86

INFO IMMEDIATE UKREP BRUSSELS

INFO ROUTINE EUROPEAN COMMUNITY POSTS, UK DEL OECD, UK MIS NEW YORK

INFO ROUTINE WASHINGTON, UK MIS GENEVA

FRAME EXTERNAL

FROM UK REP BRUSSELS

FOREIGN AFFAIRS COUNCIL: 27 OCTOBER

OTHER BUSINESS: COMMODITIES.

## SUMMARY.

1. MR CLARK MADE STATEMENT OF UK POSITION ON COMMODITY AGREEMENTS. FRANCE SPOKE IN DEFENCE OF SOME AGREEMENTS AND URGED EARLY APPLICATION OF COCOA AGREEMENT BY EC AND MEMBER STATES.

## DETAIL.

2. UNDER OTHER BUSINESS, MR CLARK SPOKE ON THE BASIS OF THIS PREPARED STATEMENT (TEXT BY SAVING TELEGRAM). HE MADE IT CLEAR THAT THE BRITISH GOVERNMENT HAD GRAVE MISGIVINGS ABOUT COMMODITY AGREEMENTS WITH MARKET INTERVENTION PROVISIONS, WHICH HAD NOT WORKED SATISFACTORILY IN THE PAST. IN GENERAL, THE UK WOULD OPPOSE ANY PROPOSALS FOR NEW AGREEMENTS WITH MARKET INTERVENTION MECHANISMS. WHAT WAS NEEDED WAS A DEREGULATORY APPROACH TAKING FULL ACCOUNT OF MARKET REALITIES. THE TOKYO SUMMIT HAD POINTED THE WAY FORWARD: AND THE URUGUAY ROUND INCLUDED COMMITMENTS TO LIBERALISATION OF TRADE IN TROPICAL AND NATURAL RESOURCE BASED PRODUCTS. HE ASKED FOR HIS STATEMENT TO BE CIRCULATED.

3. BOSSON (FRANCE) MADE IT CLEAR THAT HIS GOVERNMENT ATTACHED IMPORTANCE TO A CONSTRUCTIVE EC APPROACH ON COMMODITIES: HE HOPED THE COMMUNITY WOULD NOT BE PARALYSED AS A RESULT OF THE TIN COUNCIL COLLAPSE. SOME COMMODITY AGREEMENTS HAD PROVED THEMSELVES TO BE VIABLE. DIFFICULTIES IN THE NEGOTIATIONS FOR A NEW INTERNATIONAL RUBBER AGREEMENT SHOULD NOT BE INSURMOUNTABLE. THE NEW COCOA AGREEMENT MET THE EC'S ECONOMIC AND POLITICAL CRITERIA. RECALLING THAT THE EC WAS A MAJOR DRIVING FORCE BEHIND THE CONCLUSION OF THE COCOA AGREEMENT, HE APPEALED FOR MEMBER STATES TO ENSURE THAT ENTRY WITH FORCE COULD TAKE PLACE BY THE DUE DATE IN EARLY 1987.

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4. YOU CONCLUDED, FROM THE CHAIR, THAT IT HAD NOT BEEN INTENDED TO HOLD A FULL DEBATE ON COMMODITIES. IN RESPONSE TO BOSSON, YOU DREW ATTENTION TO MR CLARK'S COMMENTS ON THE COCOA AGREEMENT. THE UK STATEMENT WOULD NO DOUBT BE A BASIS FOR FURTHER THOUGHTFUL STUDY.

MILES

YYYY

ADVANCE

MAUD FCO

RICHARDSON FCO ERD

REID FCO ERD

EVANS FCO ECD

JAY CAB

R WILLIAMS DTI

JOHNSON DTI ITP

CORLEY DTI

LUNN DTI CTPS

FREEMAN ODA

PACKER MAFF

SCOLLEN MAFF

CASE TSY

MAIN

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ECD (E)

(ADVANCED AS REQUESTED)

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