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10 Downing Street
Whitehall

3 December 1975

European Council Meeting in Rome: Import Controls

As you know, the Prime Minister told us in Rome yesterday that import controls had been discussed during lunch, following a discussion on the proposed meeting of Ministers of the Interior.

According to the Prime Minister, all his colleagues expressed their opposition to any import controls on cars. The Prime Minister told them that such a situation would not, in his view, arise unless Chrysler went into complete liquidation and we then had to prevent import penetration mopping up the market.

The Prime Minister also spoke about television tubes, and drew a distinction between existing industries and those which were only starting up. His colleagues apparently accepted this distinction.

There was also a discussion about textiles and footwear, on which the Prime Minister reported that his colleagues all appeared to be very relaxed, since they were evidently thinking very much along the same lines as ourselves. There was some reference to the fact that the GATT multi-fibre arrangement was already in operation.

I am sending a copy of this letter only to Chris Brearley (Cabinet Office), in advance of any further distribution of the records.

P. R. H. WRIGHT

E.A.J. Fergusson, Esq.
Foreign and Commonwealth Office

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10 Downing Street
Whitehall

5 December 1975

European Council Meeting in Rome: Import Controls

I wrote to you on 3 December about the discussion on import controls over lunch in Rome on 2 December.

The Prime Minister gave his colleagues an account of this discussion during Cabinet on 4 December, and I enclose a redraft which you may wish to use for your record of the European Council Meeting. You will see that President Ortolini is quoted as taking a very tough line on import controls for cars, in contrast to the line which he is quoted as having taken in the Cabinet minute. I have however discussed this with the Prime Minister, who confirmed that, whatever may have been said in Cabinet yesterday, President Ortolini did in fact take a very unhelpful line on import controls, and spoke out very toughly against them. I think that the enclosed draft therefore reflects accurately the sense of the Prime Minister's own recollections of the discussion in Rome.

I am sending a copy of this letter with enclosure to Chris Brearley and to Roy Denham (Cabinet Office).

P. R. H. WRIGHT

E. A. J. Fergusson, Esq.,
Foreign and Commonwealth Office.

IMPORT CONTROLS

The Prime Minister was pressed about the United Kingdom's intentions in respect of import controls, and he said that we were still considering our position. In the case of cars, a decision would depend on the fate of Chrysler operations in Great Britain. The Prime Minister told his colleagues that he did not think that the question of import controls in this sector would arise unless Chrysler went into complete liquidation and we then had to prevent import penetration from mopping up that percentage of the market. Mr. Ortoli (President of the Commission) was very tough, and all other Heads of Government said that restraints on car imports into the United Kingdom would be most difficult for them.

The Prime Minister referred to the problems facing the television tube industry and the possible need to give it some protection. He drew a distinction between restrictions on the type of television tubes at present being manufactured in the United Kingdom, on which there appeared to be no great opposition from his colleagues; and restrictions on the type of television tubes not currently being manufactured in the United Kingdom, which would evidently be strongly resisted.

There was also a discussion about textiles and footwear, particularly in so far as imports from low cost producers were concerned. Mr. Wilson found that those present seemed very relaxed on this, since they were evidently thinking along the same lines as ourselves. So far as textiles were concerned, there was reference to the existence of the GATT Multifibre Arrangement.

In general, other Heads of Government expressed concern that the imposition of import controls might lead to retaliatory restrictions by non-EEC Governments in areas in which EEC Members had an interest, such as machine tools.