



FCS/83/278

SECRETARY OF TRADE AND INDUSTRY

Prime Minister

Content?

Yes mt ^{ends} 23/12

Import Restrictions Against the USSR

1. Thank you for your letter of 19 December. ^{attached} I agree that the Community's import restrictions against the Soviet Union should be allowed to lapse at the end of this month. The measures were intended as a political signal to the Soviet Union of our disapproval of their share of responsibility of martial law in Poland. But they are no longer a necessary part of our response to the situation there, and are causing increasing difficulties for legitimate British trade interests. A consensus has emerged in the EC that they should be allowed to expire and we should go along with this.

2. I am copying this minute to the Prime Minister, other members of OD, Michael Jopling and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

23 December, 1983

Foreign Policy

East / West Relations
Pt 4

23 JUL 1983

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CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

28 December, 1983

OD:LCO	CDL
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IMPORT RESTRICTIONS AGAINST THE USSR

The Prime Minister has seen a copy of your Secretary of State's letter to the Foreign and Commonwealth Secretary, and of the Foreign and Commonwealth Secretary's reply.

The Prime Minister is content with the conclusion reached in this correspondence that the Community's import restrictions against the Soviet Union should be allowed to lapse at the end of December.

I am sending a copy of this letter to the Private Secretaries to members of OD and to Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

(David Barclay)

S. Nicklen, Esq.,
Department of Trade and Industry

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Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET

LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422

GTN 215

(Switchboard) 215 7877

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CONFIDENTIAL

19 December 1983

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

Prime Minister.

You may wish to await the
Foreign Secretary's reply.

D. Geoffrey

A.S.C. 20/12

IMPORT RESTRICTIONS AGAINST THE USSR

In commenting on your minute to the Prime Minister about East/West relations (PM/83/89), I suggested in my letter of 30 November that we should respond to the Russians' wish for a better trade relationship to an extent consistent with our commercial interests. In my view it would entirely accord with this approach if, in conjunction with our colleagues in the European Council of Ministers, we were now to agree to allow the import restrictions imposed in March 1982 to lapse at the end of this month: I am raising this now in correspondence since we did not have time to deal with it at OD last week.

2 You will recall that EC restrictions were imposed on some sixty manufactured and luxury goods (including tractors, aluminium, chipboard, caviar and tinned salmon) and that these measures were renewed for twelve months last December; on the UK's part your predecessor's minute of 1 December 1982 (FCS/82/198) recommending renewal, with which the Prime Minister concurred, is relevant.

3 While these restrictions undoubtedly served notice of the EC's disapproval of the introduction of martial law in Poland, it now seems clear to us that they have outlived their value as a political gesture and have become a real commercial nuisance to several British firms which are very dependent on Anglo-Soviet trade. Whatever the effect of the measures brought in to replace martial law in Poland, martial law itself was formally ended in July and I am not aware of any feeling among our European colleagues that these particular restrictions should be renewed again. Several, including the Germans, Danes, Irish and Greeks, are certainly against renewal and any initiative on our part to reintroduce quota restrictions of this kind would harm UK manufacturers and consumers and be very unhelpful indeed to our commercial relations with the Soviet



Union at a time when these seem likely to benefit from the more encouraging stance taken by Deputy Prime Minister Kostandov during his visit in October.

4 I am copying this letter to the Prime Minister, other members of OD, Michael Jopling and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', written in a cursive style.

NORMAN TEBBIT

Foreign Pd,
East/West,
p24

20 DEC 1983

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Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 215 7877

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CONFIDENTIAL

30 November 1983

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

Prime Minister.

A.P.C. 1/12

MS

D. Geoffrey

EAST/WEST RELATIONS

I was very interested to see a copy of your minute (PM/83/89) to the Prime Minister of 14 November since I share your view that it is now timely to review this subject and generally agree with both the analysis and conclusions. There have recently been signs that the Russians are looking for a better trade relationship and I think that we should respond to an extent consistent with our commercial interests. The Soviet Union offers a large and under-exploited market for British exports, though the Russians' persistence in seeking credit at unrealistically low interest rates will continue to have an inhibiting effect.

2 There are only two substantive points which I would like to make at this stage, relating to the need for close co-ordination with our allies and to the policy of diversification in Eastern Europe over Ministerial visits. There can of course be no argument about the need to preserve the integrity of the Alliance, but we should be prepared to take a robust line either when lack of complete agreement leads to inaction or when one of our partners fails adequately to take account of the interests of the Alliance as a whole. We surmounted such a problem at a cost over the Siberian gas pipeline and are now faced with another potential problem in COCOM, in particular on computers. I think it important that we continue to stand firm on preserving the principle that COCOM is intended to restrict exports of technology and equipment of direct military/strategic relevance, and not a means of imposing an embargo for political or economic reasons.



3 Some differentiation in political relations with Eastern Europe is clearly desirable. Nevertheless, visits by you to countries such as Czechoslovakia and Bulgaria could materially help our trade interests: I do not think that these should necessarily be discounted simply to give the appearance of being in a closer relationship with others, such as Hungary and Romania, particularly when contacts with the Russians are being increased. We are already doing our bit for Hungary in the EC, and Romania is unlikely to be a worthwhile trading partner in the near future.

4 As regards contact with Soviet Ministers on technical matters, my experience at my recent meeting with Deputy Prime Minister Kostandov was that he had no wish to pursue political differences. Indeed, having paid the minimum attention to such topics, he proceeded to take a vigorous and practical approach to improved trade and industrial contacts. We should build on such contacts to develop a commercially sound and mutually advantageous relationship. But there is no advantage in promoting business which does not benefit our companies, or which we have to subsidise beyond what we can agree is the minimum necessary to preserve the overall competitiveness of British firms in international markets.

5 One further way of advancing our interests would be the adoption within the CMEA of a system of trade for money in place of the present clearing accounts. There is little we can do directly to promote this, but external pressure would help countries like Hungary which want to see a change, and a more open system would improve our access to the markets.

6 I am sending a copy of this letter to the Prime Minister, other colleagues in OD and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Norman Tebbit', with a stylized flourish above the name.

NORMAN TEBBIT

Foreign Pol
East/West,
p. 4

1 DEC 1983

