



CONFIDENTIAL

cc PC ②

Can hard body  
Please see this  
minutes  
Prime Minister

After a slow start, this exercise is now moving ahead rather well. But vigilance will be needed to make sure we don't just replace one bureaucracy with another.

PM/84/160

PRIME MINISTER

Yes not

Agree to have a paper prepared for circulation at Dublin European Council?

European Community: Standards and Industrial Collaboration

1. In my minute of 31 August I undertook to report to you again when OD(E) had considered the results of further work by officials on possible initiatives by the United Kingdom in the Community on standards for industrial and other products and on industrial collaboration. OD(E) met under my chairmanship on 8 October to consider this further work and reached conclusions.

CDP  
16/x.

2. On standards, work in the Community has now begun to move forward more favourably. This reflects to a considerable extent recent United Kingdom action and pressure. We have now to carry the following initiatives forward:

- (i) on common Community standards for routine products, a major problem so far has been the form of the harmonising directives adopted under Article 100. At present they are both time-consuming to negotiate and difficult to amend to take account of technical progress. It is now proposed that a new sort of Article 100 directive should be used in future. Instead of laying down precise technical requirements, it would specify a general safety duty for the product in question, which could be met either by agreed standards or by national standards recognised by other member states as meeting the safety duty. Since this should lead to a significant improvement in the standards-making procedure for the more routine products, OD(E) agreed that the United Kingdom's efforts should be directed towards supporting and pressing ahead rapidly with the adoption of this

/improved

CONFIDENTIAL





improved model directive. The Department of Trade and Industry, in consultation with industry and trade bodies, is drawing up a list of particular products which will be our priorities for use of the new style directive.

- (ii) Much of the work on developing common standards takes place in the European Committee for Standardisation (CEN). At the moment CEN is largely ineffective because member states are not obliged to accept CEN standards which their national representatives have not supported. The need for reform is clear. The Commission has recently brought forward proposals which could considerably improve the operation of CEN. It was therefore agreed that we should put our full weight behind them but that, if progress is too slow, we might need to consider other ways forward.
- (iii) On mutual recognition of national standards in cases where harmonisation has not been agreed, Paul Channon has already taken an initiative, described in his letter of 2 August. OD(E) agreed that the United Kingdom's aim should be to build on Paul Channon's initiative and to give continued political impetus to the development of a Community-wide arrangement for mutual recognition of standards. This is a subject which might appropriately be brought to the attention of the Dublin European Council as a priority.
- (iv) On national standards for new products, it would make good sense if Community-wide standards could be set from the beginning, so that incompatible standards do not emerge. A new Council directive will now require member states to notify the Commission (who will notify other member states) three months before they introduce new standards for most new

/manufactured





manufactured products. The introduction of a standard can be suspended until a Community standard had been agreed. It is too soon to assess the effectiveness of the directive. But it was agreed that our first objective must be to concentrate on making it work.

- (v) On high technology products we have set several important moves under way. Following an initiative by the then Minister of Information Technology in May, a high level group of officials has been set up to harmonise the implementation of standards across Europe to facilitate inter-connection of computer and communications products ("open systems inter-connection"). In the field of telecommunications a senior officials group has been set up in the Community to seek, inter alia, harmonised standards in the telecommunications terminal equipment market. Progress has been good, and it is envisaged that the results of their work will lead to a mechanism for creating and publicising harmonised telecommunications standards. We concluded that the primary requirement in these two areas is to sustain the momentum that has been built up. The Dublin European Council might underline the importance of bringing these activities to full and early fruition.
- (vi) Advanced manufacturing technologies (AMT) - ie robotics and flexible manufacturing systems - is a high technology sector in which there has been no Community work on standards. Although the Community is mainly a user, rather than a producer, in this field, an effective use of standards would have the advantage both of enabling users to link individual items of equipment supplied by different manufacturers,

/and





and of making it easier for European producers, initially selling only a limited range of equipment, to break into the market. We therefore agreed that the United Kingdom should present to an early Industry Council a paper outlining an action programme on AMT standards. Here also the European Council might confirm this as a priority area for Community action.

3. On the promotion of industrial collaboration, we had already agreed at our previous meeting that it would be wrong to support moves to give Community subsidies to firms to collaborate when they would not otherwise do so. At the same time, however, we have had to recognise that measures to stimulate collaboration within the Community are unlikely to prove attractive either to Community enterprises or to some other member states unless they contain a significant financial element. For this reason, after rejecting direct financial support for manufacturing collaboration, we concentrated on the removal of barriers to such collaboration and on the earlier stage of research and development.

4. The Community is already engaged in supporting some pre-competitive research, for example through the ESPRIT and fusion programmes. We are considering within the Community various other Community programmes including those for biotechnology and basic industrial research which Norman Tebbit discussed in his letter of 24 September. But we are having to oppose some of the Commission's more grandiose ideas, and our general wish to keep down Community expenditure precludes any major initiatives by the United Kingdom. Geoffrey Pattie also made clear at our meeting that - as indicated in Norman Tebbit's letter of 24 September - he would not wish to sacrifice worthwhile domestic programmes to finance

/Community





Community ones, which are often of a different and complementary nature. However, we agreed that Departments should continue to seek to identify on a continuing basis those high technology sectors in which cooperation at the pre-competitive stage across Community frontiers would be productive, with a view to putting proposals to Ministers for Community initiatives whenever these seemed likely to be fruitful.

5. We also considered the possibility of action to remove barriers to industrial collaboration. Our conclusion was that the principal barriers come from the fragmentation of the Community's internal market as a result of barriers to trade such as incompatible standards; restrictive public purchasing policies; national exchange control restrictions; and the lack of a free market in services. A major thrust of our Community policy is already aimed at completion of the internal market, including - as outlined above - the development of common or mutually recognised standards, and we concluded that this should continue to be our main priority.

✓ 6. You may like to consider the possibility of having available at Dublin for circulation to your European Council colleagues a paper bringing out most of the points in this minute.

7. I am copying this minute to members of OD(E), the Secretary of State for Energy, the Minister for Information Technology and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

16 October 1984



EWs 10: budget pr 27

17 OCT 1984

10 11 12 1  
9 8 7 2  
6 5 4 3



JWR 114



be PC

cc HMT  
DTI  
MAFF  
LAD  
M/Stare, ALO  
CO  
DTI  
DTI

10 DOWNING STREET

*From the Private Secretary*

17 October 1984

EUROPEAN COMMUNITY: STANDARDS AND INDUSTRIAL COLLABORATION

The Prime Minister has read with interest and satisfaction the Foreign Secretary's minute of 16 October recording the various initiatives being taken by the United Kingdom in the Community on standards for industrial and other products and on industrial collaboration. She would indeed wish to circulate a paper, on the lines of the Foreign Secretary's minute, at the European Council in Dublin. You will wish to consider the mechanics of this. For instance, it might go round in advance under cover of a letter from the Prime Minister to her Community colleagues.

The Prime Minister has particularly asked that Lord Cockfield should be shown a copy of the Foreign Secretary's minute. I should be grateful if this could be arranged.

I am copying this letter to the Private Secretaries to members of OD(E), to Michael Reidy (Department of Energy), Neil McMillan (Office of the Minister for Information Technology) and to David Williamson (Cabinet Office).

(C.D. POWELL)

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.