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The Rt. Hon. Peter Lilley MP
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It sounds as though we shall need to galvanize

the EC - there is no reason why we should be more forthcoming than others.

CBP 12/9
HAP

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Our ref PE9087

Your ref

Date 11 September 1990

Dear Charles,

My Secretary of State has seen your letter of 24 August reporting the Prime Minister's telephone conversation with President Ozal of Turkey and the President's letter of 4 September in which he repeats his request for a 30-35% increase in the EC restraint levels for imports of Turkish textiles.

It was helpful that the Prime Minister pointed to the sensitivity of textiles for the UK. Turkey is the Community's largest supplier of textiles products but maintains considerable barriers to EC textile exports, in breach of its obligations under the Association Agreement. Parliament and the UK industry have voiced strong concern about this. Increases of the order proposed would therefore attract considerable criticism and it is anyway very doubtful that there would be sufficient support from other Member States for increases of the size proposed by President Ozal.

Nonetheless, the request gives us a chance to speed up the liberalisation of the textiles and clothing voluntary restraints on Turkey which distort our market and are increasingly difficult to justify as we work towards a phase-out of the Multi-Fibre Arrangements within the Uruguay Round.

My Secretary of State considers, therefore, that we should respond sympathetically to the Turkish request and be ready to contemplate an increase in the restraint levels, though certainly not as much as President Ozal has suggested. Given Turkey's own

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barriers we should look to her in return, but without making it a condition, to improve conditions of trade and access to her market. My Secretary of State also feels that it would lessen the inevitable criticism from our domestic industry if we were acting as part of an EC response to the Turkish plight. In initial discussion on 5 September with textile officials the Commission (supported by Italy and France) was not inclined to make any proposals on trade concessions but will anyway be having discussions with the Turks later this month on the Community's existing restrictions. It looks as if nothing will be forthcoming from the Commission at least for the September Foreign Affairs Council but we shall keep in close touch with them and Member States.

Given their very tough textiles import restrictions, it would be appropriate if the US were also to allow some increases to Turkey. The US did agree to some modest increases in May which they say it might be risky to reopen, given the highly protectionist Textiles Bill pending in Congress, though they will consider if the May arrangements can be applied more flexibly so as to allow some further uplift. When it becomes clearer what is emerging from the Community there should be further contact with the Americans to hear what they are doing.

You will doubtless be asking FCO to co-ordinate a draft reply to President Ozal's letter. Our advice on textiles will reflect the position in the second and fourth paragraphs above.

Hanns
Rosalind Cole

ROSALIND COLE
Private Secretary

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