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DEPARTMENT OF TRANSPORT
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The Rt Hon Lord Young
The Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
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CDP 8/9.

Sept 6. '86.

Dear David.

REMOVING BARRIERS TO BUSINESS IN EUROPE

Thank you for copying to me your letter of 31 July to Paul Channon about deregulation at Community level.

You mention the Commission's new fiche system. We will, of course, co-operate over providing information on the new arrangements. I have to say, however, that the fiche system has not really got off the ground yet in the case of transport, partly because there have been few new proposals from the Commission in the last few months, and partly because most proposals in the Transport field are aimed specifically at liberalising and are, therefore, by their nature deregulatory. But we are under some pressure from the non-liberal member states to adopt "harmonisation" measures to accompany liberalisation, in order to eliminate distortions in competition between the different member states. In particular, the Commission is being pressed in the road haulage field to bring forward proposals for the harmonisation of such things as tax rates and professional qualifications. In some cases, the common Community system likely to find favour with the Commission and the majority of member states may involve more burdensome rules and regulations than currently obtain in the UK. We plan, therefore, to make use of the fiche system in order to ensure that extra burdens are avoided, or at any rate fully identified before discussion begins on the proposed measures.

I should add, however, that there are some areas in the transport field where the fiche system is not going to be that helpful, because it is the UK which is resisting the removal of unnecessarily burdensome regulation on industry, or seeking measures which will increase industrial costs. One such area is lorry weights and dimensions. Work done here and on the continent has established the cost effectiveness of higher lorry weights than we, for political reasons, are prepared to accept; a fiche would simply strengthen the arguments of other governments who are pressing us to accept the

new EC standard of 40 tonnes. Similarly, a fiche would embarrass our efforts in the road safety field to get the Community to adopt standards for lorry sideguards and spray suppression based largely on UK legislation. Although the spread of these devices in other Community countries would - given our own requirements for them - be advantageous to our manufacturers and operators, as well as fitting in with the objectives of European Road Safety Year, a fiche would more accurately quantify the costs to European road hauliers than it would quantify the benefits to other road users.

As regards burdens imposed by existing Community legislation, we have done some pretty thorough analysis of the legislation in the transport field and have concluded that few, if any, existing measures impose a significant burden. The only possible exceptions are those which we have already notified to your Department at an earlier stage in this exercise, namely:

i. The Drivers' Hours and Tachograph Regulations. These have, however, (1985) recently been revised and improved. Although they are still not perfect from our point of view, we see no point in attempting in the near future to open up a package which has been so recently and laboriously agreed.

ii. The passenger services authorisation system for buses and coaches on international journeys. We are already pressing for this system to be changed as part of the completion of the internal market. How successful we shall be remains to be seen, given that there will be considerable opposition from other member states to what we want. But I should add that, although we have notified this as a burden, in a recent survey UK coach operators reported that they do not find the authorisations particularly burdensome.

Copies of this letter go to the Prime Minister, Sir Geoffrey Howe, Paul Channon, Nigel Lawson, Douglas Hurd, Michael Jopling, Nicholas Ridley, Norman Fowler, and Sir Robert Armstrong.

Yours ever
John

JOHN MOORE

EURO POL: Budget PT32