

010

CONFIDENTIAL

CC36



CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

Tel No: 233 3299
7471

28 February 1986

The Rt Hon Paul Channon MP
Secretary of State for Trade and
Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1 0ET

Prime Minister

I have not yet commented
on your behalf. Do you want to:
(i) agree to support going straight
to an announcement;

(ii) support an E(CP) discussion;
(iii) hold off comment for a while
longer
I suggest (iii). DW 28/2

We should have
an E(CP)
discussion
either E(CP) or E(LA)

REVIEW OF COMPETITION LAW AND POLICY

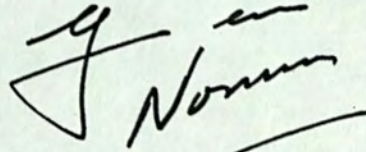
Thank you for the copy of your letter of 20 February to Nigel
Lawson.

I would not want to see a comprehensive and open-ended review
launched without first having contemplated what the likely outcome
of the review would be. I recognise that there are a number of
inadequacies in UK competition law as it stands, which may need
remedying. And the impact of EC law needs to be considered. But
the announcement in the terms which you propose may tend to draw us
towards radical changes in competition law, more closely akin to
the competition laws of the United States (with the prospects for
litigation afforded by this) than colleagues may find desirable. I
have also to be conscious that our approach to competition in the
next Manifesto will be a significant aspect of our policy towards
industry and I should not want our freedom of action on this point
to be heavily circumscribed. Finally, we should consider how this
announcement will be received in the context of current take-over
activity in the City, and recent and forthcoming decisions on MMC
references.

I would certainly find it helpful if E(CP) could take an early
opportunity to consider the proposal for a review, and its terms,

as well as its timing. This would precede any announcement of the kind you propose. I hope that Nigel Lawson and you will be able to agree to this way of proceeding.

I am sending a copy of this letter to the Prime Minister, Nigel Lawson, other members of E(CP) and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', with a large, stylized initial 'N' and a long horizontal flourish extending to the right.

NORMAN TEBBIT

