



10 DOWNING STREET

THE PRIME MINISTER

20 May 1980

Dear Sir Michael,

Thank you for your letter of 7 May about the extent of BL's business with Iran and the effect on it if trade sanctions are imposed on Iran.

I am keenly aware of the detrimental effect sanctions are likely to have on British firms such as BL which have trading interests in Iran. However, as I need hardly tell you, the hostage situation has become increasingly grave; and in conjunction with our European Community partners, we have felt obliged to embark on a range of measures, including trade sanctions, to bring pressure on the Iranian authorities to secure the hostages' release.

I sincerely wish we had been able to avoid going down this route. But despite the problems it will undoubtedly cause for BL and other UK companies, I am afraid Iran's continued intransigence over this issue and the need to support our American allies have left us with no alternative. We must now hope that these measures will help to secure the early release of the hostages, so that our trading relationships are only temporarily interrupted.

The Orders will not affect existing contracts.

Sir Michael Edwardes

Yours sincerely
Margaret Thatcher