



*From the Secretary of State*

Clive Whitmore Esq  
Private Secretary  
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SW1

29 February 1980

*Dear Clive*

INDUSTRY AND TRADE COMMITTEE

On 16 January my Secretary of State gave evidence to the House of Commons Industry and Trade Committee. The Clerk has now requested a number of notes on subjects raised, most of which is factual information which poses no problem for the Department. However, at one point my Secretary of State was asked about the respective responsibilities of the FCO, the Department of Industry and the Department of Trade. In reply he admitted that there were overlapping responsibilities and stated: "It is not entirely rational or wholly neat. In theory - I emphasise that, in theory - the merger of the two Departments would be a clean, theoretical neat way of proceeding, but those who I think experienced that vast juggernaut in earlier days might have felt it was too big to manage".  
..... (The complete extract is attached.) The Committee have now asked why a merger which in theory would be "clean" has not been effected.

My Secretary of State feels that it would not be appropriate for him to respond to this question - still less for the Department's officials to do so. Clearly such a question of the machinery of government is for the Prime Minister to answer and I would presume that her view would be that the range of important topics covered by the two departments is too wide for it to be sensible to merge them. This conclusion does not of course conflict with what my Secretary of State said.

I should be grateful for your advice on whether the Prime Minister would be agreeable to making a statement to this effect to the Select Committee.

I am copying this letter to John Stevens in the Chancellor of the Duchy's office and to David Wright in Sir Robert Armstrong's office, and also to George Walden (FCO) and Ian Ellison (Industry).

*Yours sincerely,  
Stuart Hampson*

S HAMPSON

Private Secretary



THE SELECT COMMITTEE ON INDUSTRY AND TRADE: 16 JANUARY 1980

Mr Maxwell-Hyslop

Where there is a very major specific sale in which an ambassador is involved rather than just the commercial staff, say the potential purchase of either the Tristar with British engines or with British wings, which department is responsible for deciding where the effort should be directed, to selling the aircraft with British engines or the aircraft with British wings? Is that basically your Department or is it the Department of Industry which is the sponsor for aerospace, or the Foreign Office because that is responsible for ambassadors? I think it would be helpful to us to know where decisions of this kind on specific large contracts are taken, in which Ministerial department.

Mr Nott

There is undoubtedly a substantial degree of overlapping responsibility. The Department of Trade has the full responsibility for the sale of British products abroad, for tariffs, for our export efforts, for the Overseas Project Group, our relations with our commercial posts. We have that responsibility but, of course, where it is closely related to the manufacturing effort of British industry, the Department of Industry is closely involved. I think you may wish to question Sir Keith Joseph when he comes to see you next week about this overlapping Trade and Industry matter. He and I constantly discuss it. It is not entirely rational or wholly neat. In theory - I emphasise that, in theory - the merger of the two Departments would be a clean, theoretical neat way of proceeding, but those who I think experienced that vast juggernaut in earlier days might have felt it was too big to manage. But can I take up your specific example? I visited Lockheed in California in the autumn and discussed with them fully



where they hope to sell future aircraft all around the world. I have subsequently visited three countries where Lockheed were hoping to make sales and where I have done my best to get Rolls engines rather than GE or Pratt and Whitney engines attached to that sale, so it is very much more a personal effort. I cannot say that the organisation is theoretically wholly rational. You can only do that by merging the three Departments concerned with overseas business and trade.



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