

CONFIDENTIAL

at HM7  
LPO  
MAFF  
TRADE  
LGD  
WPSO  
CO  
ENG

Energy



10 DOWNING STREET

From the Private Secretary

18 September 1979

Dear Paul,

North Sea Interest Relief Grant Scheme

The Prime Minister has seen your letter to me of 13 September on this subject. She has also reconsidered the Foreign and Commonwealth Secretary's minute to her of 7 September. She has decided, with considerable reluctance, that in the light of the Attorney General's views HMG have no alternative but to terminate the scheme forthwith. She accepts the Foreign and Commonwealth Secretary's advice that it would be pointless for her to approach the President of the Commission direct.

The Prime Minister notes the statement in the Foreign and Commonwealth Secretary's minute that since no claims for grants under the scheme have been admitted since 2 July the Government's decision will come as no surprise to the oil companies. She would like nonetheless to know how the Government's decision is to be announced. She hopes that the announcement can be managed so as to attract as little attention as possible.

The Prime Minister remains unhappy with the way discussion of the termination of the scheme has been handled this summer. She feels that the advice of the Attorney General should have been asked for at an earlier stage. The Prime Minister is, in general, concerned about the interaction of Community law and British law and will want this aspect brought out clearly in future cases coming before Cabinet where it is relevant.

I am sending copies of this letter to the Private Secretaries to the members of OD(E), to Bill Burroughs (Department of Energy) and Martin Vile (Cabinet Office).

Yours ever

Michael Alexander

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

lckm