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PS/ Secretary of State for Industry

23 October 1979

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Tim,

The Prime Minister will be meeting Mr Karamanlis on 24 October. My Secretary of State has asked me to report that, following confidential discussions in Athens between officials from this Department and Trade and Greek Ministers and senior officials in their Ministry of Coordination, the prospect of a very attractive mutual cooperation package has been identified.

Essentially, under the umbrella of a Memorandum of Understanding on economic cooperation, we would stand to gain orders for more than £250 million worth of power station contracts and further valuable contracts for railway projects, and offtake agreements for some useful raw materials which our industry needs: from the Greek viewpoint, the understanding would be primarily presented as a contribution towards securing their access to energy sources by employing UK expertise in international coal trading - in itself very profitable for us, and through some limited access to North Sea oil, which we should have to concede anyway when Greece joins the Community. To keep out the competition and to achieve the earliest results, it is essential for the Greeks to have a formal understanding at Government level. This is potentially a very beneficial package, representing a breakthrough to the Greek capital goods market, and will establish friendly political relationships with a new Community member.

The senior Greek Economic Minister, Mr Mitsotakis, is due in London on an official visit in mid-November, and the Greek Government hopes to sign such a memorandum during his stay. The Foreign Secretary has already written to Mr Mitsotakis expressing our keen interest in developing closer industrial ties, and, whilst there are inevitably some points of negotiation still to be pursued, my Secretary of State hopes that the Prime Minister will feel able to convey the Government's support

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to this approach when she meets Mr Karamanlis. The brief will cover the current position.

I am copying this to George Walden at the Foreign Office, Stuart Hampson at the Department of Trade and Bill Burroughs at the Department of Energy.

*Yours sincerely,
Pete*

PETER STREDDER
Private Secretary



23 OCT 1979

