



Trade

From the Secretary of State

Tim Lankester Esq
Private Secretary
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CF - to meet the
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13 October 1980

Dear Tim,

MEETING TO DISCUSS EX COMMITTEE: 20 OCTOBER

As background to the meeting between the Prime Minister and my
Secretary of State on 20 October to discuss EX Committee I
--- enclose a note to serve as the basis for discussion setting
out his thoughts as to how the Committee might operate.

I am copying this letter to David Wright.

Yours sincerely,

Stuart Hampshire

N McInnes
Private Secretary



BACKGROUND NOTE FOR MEETING ON 20 OCTOBER BETWEEN THE PRIME MINISTER
AND THE SECRETARY OF STATE FOR TRADE TO DISCUSS EX COMMITTEE

The Committee's terms of reference are:

"To ensure that major cases involving Government support of exports are dealt with quickly and efficiently and to keep under review the arrangements for promoting the United Kingdom international trade objectives."

2 The objectives for this briefing meeting are to agree more precisely

- (i) the purpose of the Committee;
- (ii) the nature and scope of the material to place before it;
- (iii) the timing of meetings.

PURPOSE

3 The Secretary of State for Trade considers that the Committee should have the following main purposes:

- (i) to remove any inter-Departmental log-jams which arise in orchestrating full HMG support to UK firms pursuing major trade opportunities overseas. Most of these are expected to occur in the projects field where problems between Department associated with eg finance, credit and aid are most likely to arise.



- (ii) to identify particular projects or export markets which would become special targets for the UK to pursue, using all resources open.
- (iii) to consider any novel policy approaches to improve the prospects for winning projects.

*energy?
coal supplies.*

NATURE AND SCOPE OF THE WORK

Log Jams

4 A large number of major projects are being pursued by UK companies at any one time on which the Departments concerned are in continuous touch about the best form and timing of support. The Committee would only be used where the normal machinery seems unlikely to produce a solution in time. An example of the sort of problem which could go to EX in the near future is the ECGD cover on the £1,000m Castle Peak 'B' contract which would raise ECGD exposure in Hong Kong to a controversial level.

Priorities

Reference

5 A feature of the approach of our competitors is to focus their national effort on particular opportunities. To make the best of our limited resources, we should do the same, and in order to secure the necessary degree of Government commitment, it could be useful for the Committee to endorse suggestions that on trade and industrial grounds special HMG support should be applied to gain selected particularly important projects.



The Department of Trade is planning to establish a continuing dialogue with the main project companies on the market priorities as they see them. EX Committee might subsequently be asked to endorse clear objectives and priorities, and thus help the Government machine to proceed rapidly and flexibly to ensure success, using any necessary devices and measures, eg Royal and senior Ministerial visits, to maximise the UK's leverage.

New Policy Issues

6 There may well be a need to introduce new facilities to match the flexibility of the competition. There may also be particular lines of action where the fullest Government commitment may be needed if UK industry is to have a chance of success:

- (a) Persuasion may be needed to achieve the best British entry so that maximum HMG support can be given.
- (b) Key projects may arise in politically sensitive markets, where some measure of support may imply uncomfortable involvement.
- (c) New facilities, such as more flexible foreign currency financing, measures to encourage investment relevant to a project, or to establish a position in the market may be called for.

MEETINGS

7 Log jams arise unpredictably and require urgent solutions. The Committee may have to meet at short notice if need be. Priorities and policy issues can be raised on a more measured basis. Care would be taken not to cross wires with other Cabinet Committees.