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10 DOWNING STREET

From the Private Secretary

20 October 1980

cc: FCO
HM/T
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MOJ
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Trade

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File

cc: Myster

Dear Sir,

EX Committee

As suggested in your Secretary of State's minute of 31 July, the Prime Minister held a short discussion about the future work of EX Committee with Mr. Nott and two of his senior officials this morning.

It was agreed that EX had already proved its value even though it had never met! It had had a useful role as a catalyst. However there was now a case for a meeting at which a general discussion of the role of the Committee could be held. More particularly thought should be given to ways in which the Government could bring more leverage to bear in support of our exporters.

Clearly the members of EX should have a paper before them when they meet and this would most naturally be circulated by the Secretary of State for Trade. Among the subjects touched on at this morning's discussion which might be covered in a paper were the role of aid; the possibility of making greater use of participation oil; and defence sales.

Greece

There was also some discussion this morning of the present state of play in the negotiations with the Greek Government for a power station contract. The Prime Minister commented that this was the sort of issue where a meeting of EX at an earlier stage might well have been useful. It was agreed that there was no question of altering the terms of the offer at this stage. (The Prime Minister stressed that if our offer were not accepted, we should in no circumstances submit a more favourable tender in any subsequent competition.) The Prime Minister indicated however that she remained unhappy about the way the coal element in our tender had been handled. She was not convinced that it would not have been possible to find an open-cast mine in this country, e.g. one in private hands, which could have been dedicated to the power station in Athens. It was agreed that the Secretary of State might have a further word with Sir Derek Ezra about the general question of linking dedicated mines with power stations.

Your Secretary of State also told the Prime Minister that we had, in his view, come close to reaching agreement with the Greek Government on a contract for the supply of tanks. However we

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had been frustrated at the last moment by a German offer of aid linked with the supply of German tanks. It was not clear that the Greeks would necessarily accept the German offer but for the moment our own bid was stalled. The Prime Minister said that it was not acceptable that the German Government should behave like this while they were benefiting from excessively advantageous offset and infrastructure agreements with HMG.

I am sending copies of this letter to George Walden (Foreign and Commonwealth Office), John Wiggins (H.M. Treasury), Ian Ellison (Department of Industry), Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

Yours ever

Nicholas Alexander

Stuart Hampson, Esq.,
Department of Trade.

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