



DEPARTMENT OF TRADE AND INDUSTRY

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Secretary of State for Trade and Industry

15 June 1984

CONFIDENTIAL

Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON
SW1A 2HB

CCPC
No disagreement
AM 15/6

D Michael,

YARROW SHIPS : IRAN

Thank you for copying to me your minute of 1 June. I have also seen Geoffrey Howe's minute of 11 June.

2 The balance between the risks to our trade with Iraq and the Gulf States if we proceed, and to our trade with Iran if we do not, is a fine one. My own feeling is that the overall trade risk is minimised by your intention to delay the process of delivery and completion for as long as possible. I think this is particularly important because I understand that the Kharg, as well as the Yarrow ships, is likely to be ready to sail in August. I very much hope it will prove possible to delay the procedures as long as reasonable, and, if at all possible, ensure that the sailings are phased.

3 In agreeing to your proposal, I also have in mind that ECGD have a direct interest in the release of the Yarrow ships since this will effect a full recovery of the sums paid by them to Yarrow's in respect of this contract.

4 I am copying this minute to the Prime Minister, our OD colleagues and to Sir Robert Armstrong.

[Handwritten signature]
NORMAN TEBBIT

JH2APO

Iraq: Iran / Iraq Reflecks P44

