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Treasury Chambers, Parliament Street, SW1P 3AG
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Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
London SW1H 0ET

4 October 1984

John Norman

DIRECT PRIVATE INVESTMENT OVERSEAS

Thank you for sending me a copy of your letter of 10 August to Geoffrey Howe, together with the report by officials examining policy towards British direct investment overseas. I have also seen Geoffrey's reply of 31 August.

As you may know, I have been taking opportunities recently to express in public the desirability of direct private investment in the developing countries as a form of finance much better suited to their needs than either bank lending or official flows. But I am sure that the right way to go about this is for developing countries themselves to establish the conditions to attract such investment, and remove obstacles to it. That is the point I have been emphasising in recent international meetings. So although I am content to await Geoffrey Howe's conclusions about the need for the proposed scheme under ODA auspices, I very much agree with you that it would be wrong for the Government to subsidise UK firms who are interested in investing overseas.

I agree also that, with the exception of the BOTB leaflet, on which I accept your view, the other recommendations of the inter-departmental group are useful. So I am content to proceed as you propose.

I am copying this letter to the Prime Minister, the Lord President, the Foreign Secretary, the Secretary of State for Employment and Sir Robert Armstrong.

NIGEL LAWSON

*Yours
Nigel*

Econ Pol : Private Direct Investment Overseas

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