DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SWIH OET Telephone 01-215 7877

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M O'D B Alexander Esq Private Secretary 10 Downing Street London, SW1

Dear Michael.

There was correspondence between Ministers last September about again taking up trade relations with the Soviet Union leading to agreement that this could happen provided that it was done in a low key way and not too quickly. There was a real risk that, unless more normal relations were resumed, British business interests would begin to suffer, particularly at the beginning of a new Soviet Five Year Plan period. Indeed experience has borne this out in that no large contracts necessitating Government-backed buyer credit for the Soviet Union have been concluded since the beginning of last year.

We began to resume trade relations cautiously with the visit of a small group of Department of Trade officials to Moscow in January and the ninth meeting of the United Kingdom/Soviet Joint Commission is to be held in Iondon from 27-29 May. The Minister for Trade will be leading the British team with a Soviet Deputy Minister of Foreign Trade on the other side.

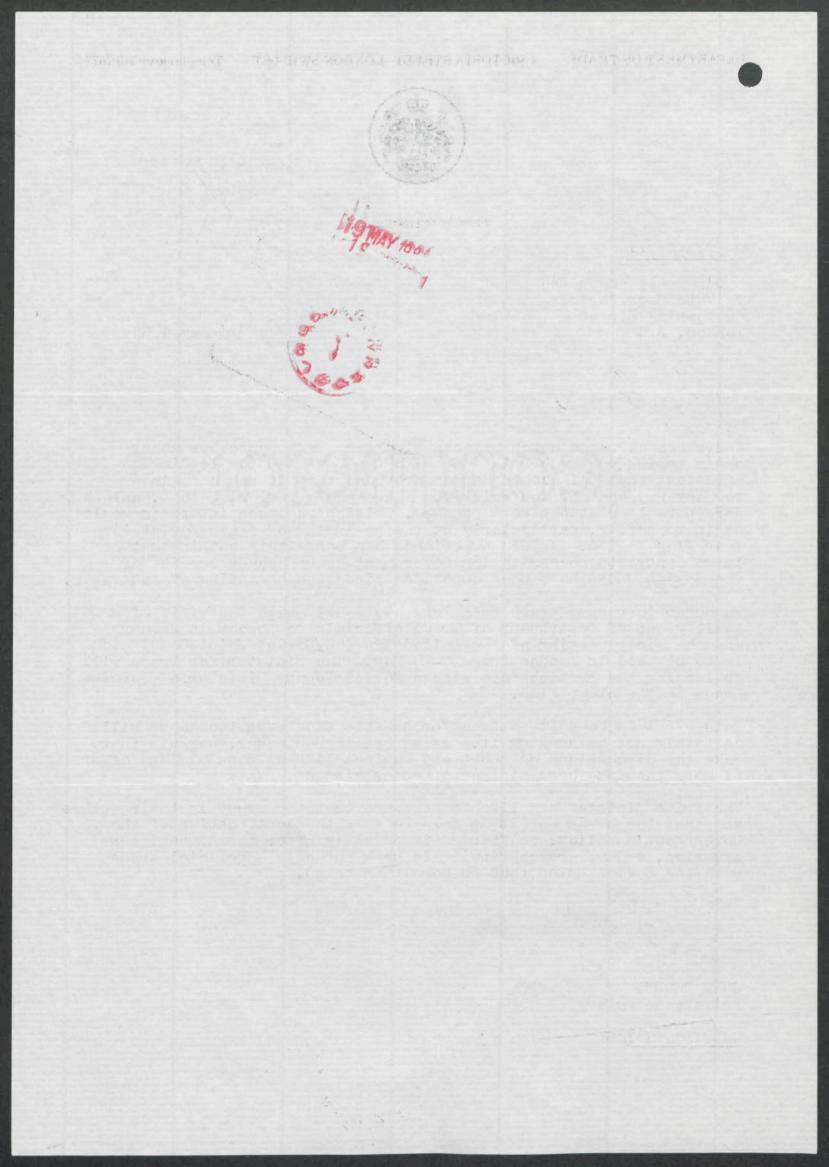
This event is bound to attract press attention even though we will certainly not be seeking it. As agreed in September, our aim is to make the discussions as short and businesslike as possible and offer no more than the bare minimum of entertainment.

The Prime Minister may like to be aware that the event is taking place and that the basis for it is no more than the continuation of the Government's policy, reaffirmed immediately after the Afghanistan invasion, and we are continuing to seek mutually beneficial trade with the Soviet Union (but no more than this).

JOHN RHODES

Private Secretary

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2 Source Line
10 DOWNING STREET

From the Principal Private Secretary

21 May 1981

Der John,

TRADE RELATIONS WITH THE SOVIET UNION

I have shown the Prime Minister your letter of 18 May to Michael Alexander and she is content that there should be a meeting of the United Kingdom/Soviet Joint Commission in London on 27-29 May on the understanding that the Foreign and Commonwealth Secretary has been consulted and has no objection.

I am sending a copy of this letter to Brian Fall (Foreign and Commonwealth Office).

In wind,

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John Rhodes Esq., Department of Trade

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