



DEPARTMENT OF TRADE AND INDUSTRY

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Prime Minister ②  
A.J.C. 27/7

JU219

Secretary of State for Trade & Industry

The Rt Hon Patrick Jenkin MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
London SW1

Note  
I have told Mr Jenkin's office  
of the PM's views. They have  
persuaded ~~the~~ the consortium  
to defer 27 July 1983  
completion of the contract.  
WR  
29/7

Dear Patrick,

FALKLAND ISLANDS CONSTRUCTION PROJECTS

attached  
You wrote to me on 16 June about Leyland Vehicle Ltd's possible involvement in the Falklands Airfield contract.

2 I have heard today that LVL have been informed that they will not be awarded the vehicle supply contract for this project, which will instead go to one of two German companies, M.A.N. or Magirus Deutz, the second of which is controlled by Fiat. I need hardly stress the damaging repercussions this could have, especially given the adverse publicity that there has been in other cases where foreign companies have secured Falklands-related business. I therefore believe that LVL should be given an opportunity to improve their bid so as at least to reduce the differential between them and the German companies (who, we have reason to believe, are offering to sell at distress prices). The vehicle supply contract is only a small part of the main contract, and given the risk of adverse publicity I believe that a modest price differential would be acceptable.

3 I am told that the consortium intend to award the contract tomorrow (27 July). I do not think this allows enough time for adequate consideration of the issues, and in the light of your promise to consult me before decisions were taken on foreign sourcing, I hope you will ensure that finalisation of the contract is deferred for a few days at the very least. We shall, meanwhile, be encouraging LVL to see what can be done in the way of improving their offer.

4 I am copying this letter to the Prime Minister and Geoffrey Howe.

Jenkin  
Leech

27 JUL 1983

