

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

✓
cc: Sir A. Parsons
c. CDL LCO
D/TRADE HO
LPSO +below
MOD
LPO
HMT

17 February 1983

Gas Turbines for the Soviet Union

I wrote to John Rhodes on this subject on 15 February.

The Prime Minister has since seen the minute of 16 February by the Foreign and Commonwealth Secretary.

BF | Before taking a final view on this matter the Prime Minister would be grateful for a more detailed assessment of the likely United States reaction if the sale goes ahead. In view of other questions at stake in our relations with the United States, Mrs Thatcher feels that we must make the best possible assessment of whether the sale is likely to lead to a major adverse American reaction or whether they will not be disposed to make a major issue of it.

I think the Prime Minister would also find it helpful if your reply could summarise the advantages of going ahead with the sale and the disadvantages of not doing so.

I am copying this letter to the Private Secretaries to the other members of OD and to the Secretaries of State for Industry and Energy and Sir Robert Armstrong.

Asc

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

✓



10 DOWNING STREET

Prime Minister

Gas Turbines For the Soviet

Union

Mr. Dym and Lord Cockfield want to let Holls Royce go ahead. You expressed reservations.

2. I think there are strong reasons for letting Holls Royce proceed but nowhere in these papers is there an assessment of the likely U.S. reaction. Will everything else that is at stake in our relations with the U.S., including dual heg, we must know whether the Holls Royce sale will result in a big row or a little one.

3. May I say that you would like a careful assessment of the likely U.S. reaction? Yes please me
A.F.C. 16/2



FCS/83/35

SECRETARY OF STATE FOR TRADE

Gas Turbines for the Soviet Union

1. Thank you for your letter of ~~14~~ February. I have also noted the Prime Minister's initial comment in Mr Coles's letter of ~~15~~ February.
2. I agree that the Americans may well be unhappy. But, on balance and for the reasons you set out in your letter, I agree with you that we should let Rolls Royce go ahead with this prospective sale.
3. President Reagan will undoubtedly wish to discuss at Williamsburg Western policy on the export of oil and gas equipment and technology to the Soviet Union. For this reason, I think that we should tell the Americans at a suitable level of our decision, and why we have taken it. But we should not do so until immediately after Rolls Royce have won the order.
4. I should be happy to discuss this if the Prime Minister wishes.
5. I am copying this to the Prime Minister, other members of OD, the Secretaries of State for Industry and Energy, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'FP', with a small mark below it.

(FRANCIS PYM)

Soviet Union:

Credit Terms Pt 3

From J

