



Secretary of State for Industry

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17 February 1983

Lord Cockfield  
Secretary of State for Trade  
Department of Trade  
1 Victoria Street  
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*We await a further page.*

*N.B.P.R.*

*Dear Arthur,*

*A-J-C. 1/3.*

GAS TURBINES FOR THE SOVIET UNION

I have seen the Prime Minister's comments on your letter of 14 February to Francis Pym. *with ASC*

2 I fully understand the concern that has been expressed about the undoubtedly adverse US reaction to such a sale. It is awkwardly timed. Nevertheless, I do not think that it provides us with sufficient basis for attempting to interfere with the company's ability to sell equipment that is not subject to export control. I am certain that the company would react vigorously in the light of comments made by Lord McFadzean at the height of last year's pipeline row, when he said that:

(a) no company with private shareholders could voluntarily refrain from bidding without risking a shareholders' suit;

(b) Rolls Royce had every intention of bidding for the second phase of the Soviet pipeline; having lost out in the first round they were not prepared to sit back and see US-designed equipment win the second round too.

3 I therefore share your view that we should not seek to obstruct Rolls Royce. This is business they cannot afford to ignore. In my view we must face up to any reaction from the US when, as I hope, Rolls Royce secures the business. There is, moreover, the natural consequence that if we interfere with Rolls Royce we shall probably have to do likewise with Ruston Gas Turbines and John Brown Engineering, both of whom are tendering to the USSR for related equipment.

4 I am copying this letter to the recipients of yours.

*Francis Pym*

Soviet Union  
Credit Terms, AT3.

7 FEB 1983-

