

JC JV

PM/82/104PRIME MINISTERINMOS

1. I have seen the correspondence initiated by Patrick Jenkin about INMOS. There are strategic and Community aspects to be taken into account.

2. The Americans seem likely to continue to use their Export Administration Act to achieve their foreign policy objectives. Where we and others share the American view, and there are well-established procedures for consultation and agreement, as in COCOM, there is seldom an insuperable problem. As Patrick Jenkin has pointed out, however, we can have difficulties when the Americans use this Act to deny our companies export or re-export licences for high technology, or equipment of US origin, which is to be incorporated in equipment which we are prepared to allow British firms to export. If INMOS succeeds, this would reinforce the lesson of the pipeline by demonstrating to the Americans, to our European partners, and the Japanese, that we are serious about developing an independent European capacity in this and other high technology fields. It would also reinforce the efforts which Arthur Cockfield has undertaken to make the Americans think again about the objectionable extraterritorial aspects of this and other American legislation.

3. I also think that we should consider the position of INMOS in Europe and its ability to resist market penetration by other suppliers from outside the Community. It would clearly be undesirable for any developments in the field of advanced computer technology within Europe to be totally dependent on expertise from outside, particularly where these developments

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have a security element. We should also have to consider whether any future Government support need be notified to the Commission under Articles 92 and 93 of the Treaty of Rome.

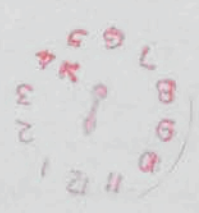
4. It is for others to judge the main issues at stake, but I hope the factors I have referred to will be taken into account.

5. I am sending a copy of this minute to other members of E Committee, and to George Younger, Nicholas Edwards, Sir Robert Armstrong and John Sparrow.

A handwritten signature in dark ink, appearing to be 'FP', is located on the right side of the page.

(FRANCIS PYM)

Foreign and Commonwealth Office
25 November 1982



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