

PRIME MINISTER

Mr. Tebbit is coming to see you tomorrow to talk about:

(i) BSC Corporate Plan

He wants to warn you of the very difficult decisions which lie ahead and to seek your reaction to various courses of action;

(ii) Mercury

The Government's telecommunications policy depends on the successful development of the duopoly. The second leg is not thriving. This raises the question of whether additional backers should be found. If these included American companies, difficult questions of security could be raised. There will also be difficult decisions on channelling Government business through Mercury;

(iii) Middle East Contract

Although Mr. Tebbit told BAe not to pursue the contract he mentioned to you, it has resurfaced in an even larger and more lucrative form. With the politics of the Middle East, and particularly the Lebanon, constantly changing, Mr. Tebbit will want to check whether we should continue to turn this deal down;

(iv) A "Ministerial matter".

AT

20 March 1984