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From the Minister for Trade

Paddy Ashdown Esq MP  
House of Commons  
LONDON  
SW1

9 May 1984

*Dear Paddy*

I am sorry not to have replied before now to your letter of 27 March to Norman Tebbit about US extraterritorial jurisdiction, COCOM and related matters. I wanted to reply personally but have been away in North America during which I had useful discussions with the US Administration on these problems.

*8/10/84*

You were able to give these matters an airing in your Adjournment Debate on 13 April and on that occasion I was able to reply to most of the points in your letter. I have written to you separately today about Plasma Technology (UK) Limited about which you addressed another letter to Norman Tebbit on 27 March and which I did not have time to deal with in the House on 13 April.

You suggest that it was at the instigation of US officials that HM Customs and Excise asked for computers to be removed from the Duty Free Shop at Heathrow Airport. I can assure you that this is not the case.

The facts are that all computers require a licence before they can be exported. It is clearly impossible for HM Customs to enforce an export control when the goods in question are on the "air side" of Customs control: and Customs asked the company to move. I understand that they were quite content to do so and are in fact doing substantial business from their new location. As will be clear from what I said in the House on 13 April we do not agree that it is necessary to control the export of a number of lower powered computers, some of which are no doubt available at Heathrow. But the present position is - and this will remain the position until there is agreement to change it - that the export of these computers is controlled not only by agreement among our COCOM partners but also as a matter of UK law. I am sure that you would agree that the law must be properly enforced.

I understand that Geoffrey Pattie has written to you to make it clear that the investigations which he put in hand have shown that there is no basis for your suggestion that US officials within the Ministry of Defence were providing information on UK



based computer leasing companies to the US authorities. John Lee repeated this in answer to your Parliamentary Question on 30 April.

Your allegations about the involvement of the CIA are also unsubstantiated. Mr William Casey, the Director of the CIA, made a public speech in California on 4 April in which he said "We have identified some 300 firms operating from more than 30 countries engaged in ... diversion schemes ... most diversions occur by way of Western Europe, which is why we have made such a strong effort to enlist the help of our European allies in combatting illegal trade activities". We ourselves become aware from time to time of British firms engaged in such illegal exports, and when we have evidence that the goods which they are engaged in diverting have come from the United States, it is only right and proper that we should liaise with our opposite numbers in Washington - the Department of Commerce or the US Customs. We would of course take strong exception if the Americans used information which we had given them privately to mount a campaign claiming that the activities of British companies had damaged the Alliance as a whole. But that is not the case here: British companies were not singled out for adverse comment and Mr Casey stressed the importance the US Administration attached to cooperation with the United States' European allies.

*Paul*  
PAUL CHANNON

cc PS/SOS  
PS/Mr Baker  
PS/Sir A Rawlinson  
PS/Sir B Hayes  
Mr Roberts  
Mr Croft  
Mr Corley OT4  
Mr Sunderland OT2  
Mr Willott IT  
Mr Ayling Sols  
Mr Baker Air  
Mr Duguid IT  
Mr Hubble IT  
Mr Nissen Inf  
Mr Healey OT2 ✓  
Mr D Hall OT4/2  
(on file)  
PS/Mr Pattie M.O.D.