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2, Please type.

Foreign and Commonwealth Office

London SW1A 2AH

23 November 1984

Dear Tim,

Letter from Paddy Ashdown MP

Thank you for your letter of 12 November enclosing a letter from Mr Ashdown to the Prime Minister. As requested, I am returning the enclosures to Mr Ashdown's letter.

In sum, Mr Ashdown has made the following allegations:

- (a) the CIA are 'interfering' in the UK with an 'operation' to discover which British companies are involved in embargo-breaking;
- (b) more specifically, DEC UK were visited by a number of US Government officials, from an unidentified agency;
- (c) a US company interrupted its supplies to Ferranti in the UK, because the latter had arranged for the delivery of some US equipment to a British company which was suspected of embargo-breaking;
- (d) IBM wrote to a number of British companies claiming that US licences were needed for the transfer of certain items between companies even within the UK; a US official allegedly said that he acquired the necessary information about British companies from the MOD;
- (e) a US official allegedly said that he wished to 'investigate' a British company called Kennedy International, and its customers;
- (f) another US official, claiming to be from Customs, interviewed a British company called Plasma Technology.

We have asked the Security Service, the Department of Trade and Industry and HM Customs to examine these allegations carefully. In the main they are not new: there is a voluminous correspondence on this subject between Mr Ashdown and the DTI. The answers to the allegations are as follows:

/(a)





- (a) the Security Service are as confident as they can be that the CIA are not involved in activities in the UK as alleged by Mr Ashdown. There is an agreement between the British and American agencies that neither will undertake clandestine activities in the country of the other without specific agreement. The Security Service have told us that there was a small number of isolated cases in 1983 when the CIA approached British individuals, with a view to seeking information about cases in which hostile intelligence services were involved in attempts to acquire illegally Western technology, without adequate consultation in advance with the British authorities. These cases were brought to the attention of the CIA (and FBI) and the Security Service are satisfied that such cases are not recurring. They emphasise, however, that these incidents are not relevant to the allegations being made by Mr Ashdown which relate to pressure being put on British companies to divulge information about their trading activities.
- (b) This may relate to enquiries by the US Customs which take place regularly with the knowledge of HM Customs. There is an agreement between the two Customs Services that such enquiries can take place, and HM Customs do not necessarily involve themselves in such enquiries in the UK. We believe that this relates to a visit by US Department of Commerce officials to DEC UK earlier this year. This concerned the issue of US licences for the export of DEC equipment to restricted destinations. In accordance with an existing agreement the US Embassy informed DTI of the visit. DTI in turn advised the company that its participation was voluntary and advised DEC to consult DTI if any pressure was exerted.
- (c) It would appear that this relevant information was acquired in the US, not in the UK.
- (d) As (c) above, Mr Ashdown has been told that there are no officials in the MOD who could provide the information as requested, because it is not retained in the MOD.
- (e) As (b) above.
- (f) It is confirmed that Mr Lacey is an official of US Customs: as (b) and (e) above.

### Conclusions

The Security Service do not believe that the CIA are involved in clandestine activities in this field and have no cause for complaint. Enquiries made by other US officials, such as the US Customs, are not illegal and the British authorities are aware that they take place. They are part of the general collaboration

/under





under export contracts. The issue of extra-territoriality is sensitive, but it is not relevant to the allegations in Mr Ashdown's letter.

It is therefore recommended that the Prime Minister should tell Mr Ashdown that the British authorities have carefully looked into his allegations, both the most recent ones and those he has made earlier; that there is no evidence the CIA are involved in the incidents to which Mr Ashdown refers, nor that the law has been broken; that there is close cooperation between the British and American authorities on enforcement of export contracts, which is in the national interest; and that there is no need for an enquiry. However, the Government naturally expect the police to investigate any substantiated charges that the law had been broken in this country. In replying to Mr Ashdown it would also be helpful if the Prime Minister could draw attention to the fact that his allegations have already been answered by Mr Channon (a copy of his letter of 9 May is attached).

I enclose a draft reply to Mr Ashdown.

I am copying this letter to Andrew Lansley (DTI)

*Yours ever,*

*L V Appleyard*

(L V Appleyard)  
Private Secretary

Timothy Flesher Esq  
10 Downing Street



DRAFT: ~~Minute~~/letter/~~Memorandum~~/~~Dispatch~~/~~Note~~

TYPE: Draft/Final 1+

FROM: The Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: Paddy Ashdown Esq MP  
House of Commons  
LONDON SW1

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 6 November about a possible CIA operation against British companies in the computer technology field.

CAVEAT.....

The points raised in your letter, and your letter of 27 March to Norman Tebbit, have been carefully examined by the appropriate departments. As Paul Channon told you in his letter of 9 May, allegations about the involvement of the CIA are unsubstantiated. There is no evidence of improper activity by the CIA or that the law has been broken. As you are aware, there is close cooperation between the British and American authorities on the enforcement of ~~export~~ <sup>multilaterally agreed</sup> controls which is in the national interest.

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It follows that there is no need for an enquiry. However, I would naturally expect the police to investigate any substantiated charges that the law had been broken in this country.

Enclosures—flag(s).....