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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Paul Channon MP
Minister for Trade
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

9 January 1985

Dear Minister

FRIGATES FOR PAKISTAN on Pt. 4

Your letter to me of 20 December noted that a report would shortly be coming forward from officials on the possibility of new arrangements for export credit cover for major arms sales and that this would no doubt cover the possibility of taking on additional risks, beyond those previously thought prudent, to accommodate such business of the kind which we have recently considered e.g. in relation to Tornados for Turkey as well as frigates for Pakistan. But you will not have been surprised to learn that my view remains that transferring such risks from one Government Department to another neither increases the capacity of HMG to accept additional risks nor the capacity of the buying country to take them on. Indeed, you put precisely this point in your recent evidence to the Trade and Industry Select Committee.

I am copying this letter to the Prime Minister, other members of OD and to Sir Robert Armstrong.

Yours sincerely

PETER REES

[Approved by the Chief Secretary]

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