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PRIME MINISTER

While it may help to make a start on these papers, only one side of the argument is available at present. The costs per job can often be very high with export subsidies.

EX

BT
17/5

There is an important meeting of EX on Wednesday, for which some of the papers are already to hand. They are:

(i) Samanala Wewa Dam

A paper by FCO/ODA recommends against ATP for this because it does not meet Sri Lanka's most pressing needs: Sri Lanka may be unable to meet its financial contribution if the present troubles continue: there are higher priorities for ATP elsewhere.

DTI are likely to circulate a paper challenging this recommendation.

(ii) Aid and Trade Provision

Papers by Mr Tebbit and Lord Young. Mr Tebbit recommends removing the (self-imposed) initiation limit and doubling ATP by 1987/88. Lord Young recommends reducing grant aid and using aid funds for 'flexible financing packages', including a substantial increase in ATP.

The Treasury are likely to put in a dissenting paper.

(iii) Export Promotion

Paper by Mr Tebbit which in effect recommends no

They have.
They are prepared to see more of the Aid Programme (iii) diverted to ATP without increasing the total. They are also prepared to see ATP grants blended with ECGD credit.

CDP.

change in Export Promotion services and practices
other than greater selectivity, to concentrate on
small and medium-sized firms, newcomers to markets,
and markets where payment is prompt.

CDP

17 May 1985