

cc: PC.



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET  
Telephone (Direct dialling) 01-215 5422  
GTN 215 .....  
(Switchboard) 01-215 7877

Secretary of State for Trade and Industry

CONFIDENTIAL

14 January 1987

The Rt Hon John MacGregor OBE MP  
Chief Secretary to the Treasury  
Treasury  
Parliament Street  
London SW1P 3AG

*Dear John.*

*CGP  
15/1*

EXPORT CREDIT FOR GREECE

*attmap*

Thank you for your letter of 15 December.

As you say, if all the large deals being talked about do come to fruition then the present ECGD limit for Greece would be substantially exceeded. However such a situation does not appear very likely given the previous history of lack of demand for cover for this market and the fact that the Papandreu Government is only half way through a tight economic stabilisation programme instituted in response to a worsening economic performance in 1985. On the other hand even if, unexpectedly, a large amount of this business did become firm, I believe that an increase in the limit would not be out of the question.

I believe therefore that there is no cause for concern in the present situation but obviously we will need to keep a close watch on further developments.

I am copying this letter to the Prime Minister, George Younger and Sir Geoffrey Howe.

*[Handwritten signature]*  
PAUL CHANNON

JG4AJP

GREEK Relations



1/21

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Paul Channon MP  
 Secretary of State for Trade and Industry  
 Department of Trade and Industry  
 1 Victoria Street  
 LONDON  
 SW1H 0ET

15 December 1986

*Dear Paul,*

**EXPORT CREDIT FOR GREECE**

In advance of the European Council Meeting last weekend the Prime Minister was asked to raise a number of individual export cases with Mr Papandreou ie the BAe ATP project, Tornados and the Acheloos River project. These possible export sales are in addition to negotiations which I understand are already in train with the Greeks for major frigate and tank contracts.

From none of the original requests was it clear whether or how much HMG credit would be involved. On the Tornado case (credit required £230 million) the Prime Minister was assured after consultations between our departments and with the Ministry of Defence that it would be possible to accommodate support for that sale without jeopardising cover for the frigate and tank sales (credit required for both £530 million). However, if credit is also sought for the ATP deal and the Acheloos project, the present £600 million market limit would be heavily oversubscribed. In practice, it may be unlikely that all this business will be won by the UK. Nevertheless I think we must be wary of over-committing the market limit and especially of indicating support at a political level which it is inevitably difficult to withdraw. In the short term the conclusion I draw is that until the outcome of some of these negotiations is clearer we need to go very cautiously indeed on further credit business with Greece.

I am copying this letter to the Prime Minister, George Younger and Sir Geoffrey Howe.

*John MacGregor*  
 JOHN MacGREGOR