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10 DOWNING STREET

LONDON SW1A 2AA

15 January 1987

From the Private Secretary

ENERGY COLLABORATION WITH THE SOVIET UNION

Thank you for your letter of 14 January reporting your Secretary of State's conversation with the Soviet Ambassador about possible discussion of energy collaboration with the Soviet Union during the Prime Minister's visit to Moscow, with reference in the final communique to what is being done in this field.

The Prime Minister is sceptical of the wisdom of agreeing to a joint communique at the end of her visit (although has not ruled it out). There is a possibility that a number of agreements may be signed, but it does not sound, from your letter, as though we shall have any new agreements in the energy field. It may not be possible, therefore, to realise this idea in practice. But you will wish to discuss it further with the FCO.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office), Tim Walker (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Charles Powell

Geoff Dart Esq
Department of Energy.

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cc: PC (1)



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
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Prime Minister
Content?

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Yusuf

Charles Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
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14 January 1987

New Charles,

ENERGY COLLABORATION WITH THE SOVIET UNION

The Soviet Ambassador spoke to my Secretary of State on Monday. Mr Zamyatin said that the UK and Soviet sides were both working hard on preparations for the Prime Minister's visit to Moscow, and had made useful progress on various political and cultural areas. The Soviets believed that it would be helpful if the communique to be issued at the end of the visit also covered collaboration between the UK and Soviet Union on nuclear safety matters, following on from Mr Walker's discussions in the Soviet Union in December. They had in mind that reference could be made to the bilateral development of the multi-lateral agreements reached at the special session of the IAEA in Vienna last year.

Mr Walker sees no objection to this idea in principle although obviously care would need to be taken on the detailed drafting given that some differences remain between us and the Soviets, for example on the question of compensation following a nuclear accident. He believes that there could well be advantage in setting out not only what the two countries were doing together on nuclear power, but also on energy more generally. You will know that, following Mr Walker's visit to the Soviet Union in April 1986, and the signing of a Memorandum of Understanding on energy collaboration, good progress has been made in the areas of coal, offshore oil, gas, electricity generation and energy efficiency. My Secretary of State believes that it would be well worth pointing to the scope for potential collaboration in these areas in the communique. If the Prime Minister is content, officials might be asked to pursue this at working level.

I am copying this to Lyn Parker (Sir Geoffrey Howe's office), Timothy Walker (Paul Channon's office) and Trevor Woolley (Sir Robert Armstrong's office).

Yusuf
[Signature]

G S DART
Principal Private Secretary

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Charles D Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
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20 January 1987

Dear Charles,

ENERGY COLLABORATION WITH SOVIET UNION

Thank you for your letter of 15 January. We will, as you suggest, take this forward with the FCO. My Secretary of State believes it would be a great pity if any of the momentum which has been built up with the Soviets should be lost given the important opportunities for collaboration that so clearly exist in the energy field with a country which is as energy rich as the Soviet Union. It would, in particular, be a great pity to pass up any opportunity which offered the prospect of orders for the hard pressed offshore supplies industry, which is as you know, largely situated in the North and Scotland.

I am copying this letter to Lyn Parker (Foreign & Commonwealth Office), Tim Walker (Department of Trade & Industry) and Trevor Woolley (Cabinet Office).

*Yours,
Geoff*

G S DART
Principal Private Secretary

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Soviet Union

Relations

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