



Secretary of State for Trade and Industry

PS/

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Prime Minister

26 January 1987

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Charles D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Charles,

PRIME MINISTER'S VISIT TO THE SOVIET UNION : PROGRAMME

My Secretary of State was pleased to see from Item (x) of your letter of 11 January to Tony Galsworthy that the Prime Minister is considering a number of engagements with a commercial flavour for her programme during her visit to the USSR.

Of the items mentioned the one to which my Secretary of State attaches the highest priority is the opening of the new British-Soviet Chamber of Commerce Offices in Moscow. We have recently heard that, thanks to the pressure exerted, indirectly, by the Prime Minister's forthcoming visit and, directly, by the Minister for Trade, Mr Clark on Mr Pitovranov, the President of the USSR Chamber, suitable premises have been located. We can therefore be reasonably confident that there will be some offices to open.

The desirability of a visit to the oil and gas exhibition, which is being mounted by the Scottish Development Agency, if it is held at the time of the visit, will depend upon the quality of company attendance. My Secretary of State would like this to remain a possibility for the present and will offer more definitive advice in consultation with the Secretaries of State for Scotland and Energy nearer the time of the visit.

The prospect of the visit seems to be adding urgency to the Soviet side's approach to commercial negotiations with a number of British companies. It is quite possible, although by no means certain, that some significant contract signatures could be timed to coincide with the visit.

JF5BQH



I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office), Trevor Woolley (Cabinet Office) Robert Gordon (Scottish Office), and Geoff Dart (Department of Energy).

Yours ever

Paul Steeples

PAUL STEEPLES
Private Secretary

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PM TOURS : Soviet Union Sep 86

CCP



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Charles Powell Esq
10 Downing Street
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4 March 1987

Dear Charles

CCP 493

PRIME MINISTER'S VISIT TO MOSCOW

I understand that Ian Jones spoke to you about the possibility of the Prime Minister saying something on the subject of small firms whilst she is in Moscow. Some of the Eastern block countries have been showing a growing interest in this subject in recent years, notably Hungary.

... I enclose a short speaking note for you to consider. It tends to refer to "enterprises" rather than "businesses". We could, of course, supply a rather longer piece if it seemed worthwhile.

Yours sincerely
John Turner

J TURNER
Principal Private Secretary

The United Kingdom economy has returned in recent years to a position of strength. An important contribution to this revival has been made by the small firms that constitute 96% of all UK firms. We have placed great emphasis in our economic policies on measures to strengthen and encourage small enterprises.

Small enterprises are an essential source of vigour and vitality in an economy. They are innovative. The absence of long lines of management permits decisions to introduce new products and processes to be taken quickly. Many of the advances of recent years have come from individuals with the freedom to develop their ideas that small enterprises give.

They are also efficient. Small firms do not carry the overheads of large organisations - they have to keep costs down. They react quickly to the changing needs of their customers and contribute to the efficiency of those they supply by their flexibility. And their ability to identify niche markets brings much needed variety in goods and services

Most important of all, small enterprises give individuals the opportunity to use their talents and the incentive to do so. People can associate the effects they make with the rewards they receive. This adds to the wealth of the community as a whole and is to the benefit of all.

The Government's support for small enterprises has not been mere words. People who wish to start up a business are offered training in how to run it and continuing advice and counselling once they have done so. There are now substantial support services for people running their own enterprises.

The result of the encouragement given to people and their willingness to take the opportunities available has been a steady growth in the number of new enterprises. Since 1979, there has been a surplus of new businesses starting up over those ceasing.

On average there has been an increase of 500 new enterprises each week. And the number of people who are self-employed has increased from 1.9 million in 1979 to 2.7 million in 1986.

Small enterprises have also made a very valuable contribution to employment creation. Between 1982 and 1984, an additional 1 million extra jobs were created in firms employing less than 20 people. This was more than enough to offset the decline in employment in large firms over the period.

People working on a small scale in their own enterprises are, then, an increasingly significant part of the UK economy. Enterprises operating on a small scale have the ability to innovate and to motivate. It is our intention to encourage further growth in this sector with the benefits in increased efficiency, wealth creation and employment creation that this will bring.

VISIT TO MOSCOW

Bryan Cartledge has asked for your agreement to a number of points about your programme in Moscow:

1. Reception for the British Community

Bryan would like to give a reception at the Embassy for you to meet resident British businessmen, British journalists, teachers, students, and members of the Embassy staff. This would probably be on the Sunday, 29 March.

Agree? *Yes*

2. Meeting with the Sakharovs

The Embassy have been in touch with Dr. Sakharov to say that you will be in Moscow and hope to meet him and his wife. Bryan's suggestion is that the precise time should be arranged at the last minute to avoid provoking the Russians, and that the meeting should take place after rather than before you have seen Mr. Gorbachev. This points to the latter part of the programme.

Agree? *Yes*

3. Meeting with refuseniks

You asked for an opportunity to meet a number of refuseniks. Bryan strongly recommends that this should be a small meeting, otherwise the Russians will regard it as a demonstration and a provocative media event. He proposes that you should receive Mr. and Mrs. Begun (you could present him with the All-party Committee's award), a representative of Jewish Women (perhaps Ida Nudel), and Professor Lerner. Once again, Bryan recommends that the meeting should only take place once the programme is well under way.

Agree? *Yes*

C.D.P.
CDP

4 March, 1987.