

File



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

19 December 1988

Dear Kit,

Thank you for your letter of 25 November about Project Marathon.

While the immediate chance to mention this project has been lost by the postponement of President Gorbachev's visit, this may be no bad thing if it enables C&W and GEC to clarify their proposal in greater detail and enables the Government to appraise it for clearance with COCOM and the US. We will reconsider the case for raising the project if Mr. Kamentsev, the Chairman of the Soviet Commission on Foreign Economic Relations, comes to London as expected in February.

Yours ever

Raymond

The Rt. Hon. The Lord Joseph, C.H.

MEM



PMM

CDT

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

22 December 1988

Dear Sir Eric

Thank you for your letter of 1 December about Project Marathon. I have written to Keith Joseph to explain that while the immediate chance to mention this project has been lost by the postponement of Mr. Gorbachev's visit, this may be no bad thing if it enables Cable and Wireless and GEC to clarify their proposal in greater detail and enables the Government to appraise it for clearance with COCOM and the United States. We will reconsider the case for raising the project if Mr. Kamentsev, the Chairman of the Soviet Commission on Foreign Economic Relations, comes to London as expected in February.

Yours sincerely

Margaret Thatcher

Sir Eric Sharp, C.B.E.

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dti

the department for Enterprise

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

1214112

cc/c.

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

C D Powell Esq
Private Secretary
to the Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Department of
Trade and Industry

1-19 Victoria Street
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Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref JW3ADJ
Your ref
Date 14 December 1988

Dear Charles

Plan

You sent me, on 25 November, a letter from Lord Joseph on behalf of Cable & Wireless about that company's interest in Project Marathon.

I am sorry for the delay in replying which was due to the need to revise our draft in the light of the postponement of Mr Gorbachev's visit.

In our view the case for asking the Prime Minister to raise this project with President Gorbachev was never as clear-cut as Lord Joseph seems to imply. The attractions to the commercial interests on both sides are not in doubt but the project poses political considerations too: for the West, delicate technical negotiations will be required with the US and COCOM on the sensitivity of the equipment to be used, and for Mr Gorbachev himself there may be an issue of principle in accepting a cable across his territory to which his people are denied access.

We will now work with the companies to firm up the technical detail as soon as possible with a view to having the project ready to raise with Mr Kamentsev in February if this is then thought appropriate.

Yours

Jeremy Godfrey

JEREMY GODFREY
Private Secretary

the
Enterprise
initiative

603

DRAFT LETTER FOR PRIME MINISTER

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

The Rt Hon The Lord Joseph CH PC
House of Lords
LONDON
SW1A OPW

Thank you for your letter of 25 November about Project Marathon.

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GD

JW3ADL

DEPT LETTER FOR PRIME MINISTER

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

dti

the department for Enterprise

R20/12

CF

P.P.S P.S

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

P A Bearpark Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
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**Department of
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Our ref PS1BXN
Your ref
Date 19 December 1988

per type - amended
PS
Dear Andy,
fiap

You sent to Lyn Parker on 1 December a copy of a letter from Sir Eric Sharp of Cable & Wireless Plc about Project Marathon. This followed a similar letter on the subject from Lord Joseph, to which I provided Charles Powell with a draft reply ... on 14 December. I attach a copy of my letter and suggest that the Prime Minister replies to Sir Eric in the same terms.

Yours ever
Margaret Spence

JP JEREMY GODFREY
Private Secretary



the department for Enterprise

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

C D Powell Esq
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to the Prime Minister
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Yours

Jeremy Godfrey

JEREMY GODFREY
Private Secretary



dti

the department for Enterprise

R 20/12

With the Compliments of the Private Secretary to the Secretary of State

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

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Fax 01-222 2629

Andy We spoke. Just as I
put the phone down officials
walked in
with this.

the
Enterprise
initiative

Managers



the department for Enterprise

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

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Yours

Jeremy Godfrey

JEREMY GODFREY
Private Secretary



DRAFT LETTER FOR PRIME MINISTER

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

The Rt Hon The Lord Joseph CH PC
House of Lords
LONDON
SW1A OPW

*Sir Eric Trap C.B.E.
Chairman.
Cable & Wireless plc*

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DRAFT LETTER FOR PRIME MINISTER

CONFIDENTIAL - COMMERCIAL IN CONFIDENCE

The Rt Hon The Lord Joseph CH PC
House of Lords
LONDON
SW1A OPW

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JW3ADL

SOVIET UNION: Visits of
Gibbacher to UR Pt. 2



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 December 1988

I enclose a copy of a letter the Prime Minister has received from Sir Eric Sharp of Cable & Wireless plc.

I should be grateful for advice and a draft reply to reach this office by Thursday 15 December.

I am sending a copy of this letter and enclosure to Neil Thornton (Department of Trade and Industry).

(P. A. BEARPARK)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.



CC PC

CABLE AND WIRELESS PUBLIC LIMITED COMPANY

MERCURY HOUSE · THEOBALDS ROAD · LONDON WC1X 8RX · TEL 01-242 4433 · TELEX 23181 CANDW G · FAX 01-831 6921

Sir Eric Sharp, C.B.E.
Chairman & Chief Executive

COMMERCIAL - IN CONFIDENCE

12/12

The Rt.Hon.Margaret Thatcher MP,
The Prime Minister,
10, Downing Street,
London SW1A 2AA

1st December 1988

Dear Prime Minister

at head

You will have learned from Keith Joseph's letter to you of 25th November that Cable and Wireless and GEC are engaged in trying to win both HMG and Soviet support for their project to construct a fibre optic land line across the Trans Siberian Railway in coordination with the Russian Railways - 'Project Marathon' - in consultation with relevant Departments.

In formulating our proposal we have taken great care to build in maximum safeguards to protect Western intelligence and security interests - namely,

- (i) Ownership entirely in Western hands.
- (ii) Exclusive use for non-Soviet traffic.
- (iii) Western responsibility for operation and maintenance.

Meanwhile, the Russian Ministry of Posts and Telecommunications has come out with an alternative proposal to safeguard its monopoly and has approached the PTTs for support - partly to snuff out the innovative C&W/GEC proposal and partly to assert its own authority against the Railways. This proposal would be highly damaging to Western interests and would give everything to the Germans and Japanese and nothing to the UK.

Cable and Wireless and GEC officials are now battling in Moscow to secure firm Soviet support for their project, which would bring several advantages to the UK. Not only would British companies be in the forefront of providing the technology and operational experience of a project which would capture the imagination of the people of the USSR, but HMG would be in a position to determine the extent to which the restrictions on Russian access to both the technology and to the high quality service could or could not be relaxed. Indeed, it is not inconceivable that should Perestroika succeed and Soviet policy alter in favour of competition, as Leonid Abalkin, the Director of the Soviet Institute of Economics has been arguing, we could be well placed to establish a Mercury in the USSR with the Railways.

Sir Eric Sharp C.B.E.
Chairman & Chief Executive

At present, this may appear to be Utopian. For the immediate present, it is vital for Project Marathon to win against the proposals of the Soviet Ministry of Posts and Telecommunications. As so often in our long efforts to establish the Global Digital Highway, the world's only full scale alternative international facility, there is a strategic and political dimension which I hope would merit your active support.

In the case of IDC, where your early intervention with Mr. Nakasone in the May 1986 Tokyo Summit proved invaluable, the success of the venture has become a symbol of active British participation in Japan's internationalisation. Similarly, should Project Marathon be implemented successfully, it would put Britain firmly astride the process of westernising the Soviet Union.

It would be immensely helpful, Prime Minister, if you could, should the occasion arise, suggest to Mr. Gorbachev that if he persuades his colleagues to support the C&W/GEC project, you will look sympathetically into the case for supporting an Export Licence for the project, once the Feasibility Study was completed. You need guarantee nothing at this stage, but an indication of your interest may well shift the scales in our favour in Moscow.

Meanwhile, may I wish you success in the important meetings you will be having with Mr. Gorbachev.

I am copying this letter to Geoffrey Howe and David Young.

Yours sincerely
Eric Sharp

SOVIET UNION: Visit

Robert

A2





Mr Pinner

cc/c

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

25 November 1988

PRESIDENT GORBACHEV'S VISIT:
CABLE AND WIRELESS

I enclose a copy of a letter the Prime Minister has received from Lord Joseph about the project involving Cable and Wireless and GEC in the Soviet Union, to lay fibre optic cable along the railway line from Vladivostock to Denmark. I should be grateful for advice and a draft reply.

I am copying this letter and enclosure to Lyn Parker (Foreign and Commonwealth Office).

C. D. Powell

Neil Thornton, Esq.,
Department of Trade and Industry.

Pinner



File in

qf.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

25 November 1988

CABLE AND WIRELESS

I am writing on behalf of the Prime Minister to thank you for your letter of 25 November which I will certainly bring to her attention, together with briefing from the Department.

C. D. Powell

The Rt. Hon. Lord Joseph, C.H.

pm

FROM: The Rt Hon. The Lord Joseph CH PC



The Rt Hon. Mrs Margaret Thatcher MP
The Prime Minister
10 Downing Street
SW1A 2AA

25th November 1988

PRIVATE AND CONFIDENTIAL

Dear Margaret,

CABLE AND WIRELESS

Particularly in the light of Mr Gorbachev's visit to you next month, you should be aware of a possibility that Cable & Wireless and GEC have together been discussing with the Russian railway authorities. It is of a fibre optic cable along the railway line from Vladivostock to Denmark with spurs to Berlin and to the Black Sea - the whole to be owned and controlled by C&W/GEC. The facility would be used only for transit international traffic.

The project is code-named MARATHON and as shown on the attached map would provide a much more cost-effective way of completing the Global Digital Highway than more circuitous and costly alternative routes.

HM Ambassador in Moscow is of course aware of the proposal.

C&W and GEC officials have been consulting the DTI on a continuous basis and through the DTI, MoD and Cheltenham. I think there is general agreement so far that Project MARATHON has been so designed as to meet UK and Western sensitivities adequately although no final decision can be made until details of the project are agreed with the USSR following a feasibility study.

Eric Sharp has asked me to let you know of this project and its importance for completing the Global Digital Highway on behalf of which you have so often personally intervened so effectively. I am sure that anything you could do to win this project for the companies and more importantly for the UK would be very welcome. C&W and GEC officials will be visiting Moscow in the week 5th-9th December and a signal of HMG support for their endeavours might help the Russian authorities to decide in favour of the project ahead of Mr Gorbachev's visit to you on 12th-14th December.

continued .../You



You should also ^{know} ~~be aware~~ that the Russian Ministry of Posts and Telecommunications has become aware of the idea and has sought to take it over, seeking allies among the national telephone authorities.

You may wish to inform yourself more fully.

Yours as ever,

Kearns



MARATHON - THE MISSING LINK

25.11.
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PM 8

