



FILE PM

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

5 June, 1990.

Dear Keith,

Thank you for your letter of 25 May about the applications from Cable and Wireless and GEC for export licences for equipment to lay fibre optic cables across the Soviet Union.

When I wrote to you on 29 January, I said that I hoped to be in a position to let you have a decision before my visit to the Soviet Union later this week. I and my colleagues have carefully examined the proposals in the applications with the advice of our technical experts, taking into account the various considerations described in your letter. We have concluded that it would not be in the broader Western or national interest for the applications to be approved.

I understand that the United States Administration has reached the same view in respect of the application covering the American project to which you refer.

I realise that this decision will come as a disappointment to you, but I can assure you that it has not been reached without the most thorough consideration of all the factors.

Yours ever

Joseph

The Right Honourable Lord Joseph, C.H.

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MR POWELL

c Sir Robin Butler

Project Marathon

In your minute of ~~25~~^{attached} May you asked for a draft reply from the Prime Minister to Lord Joseph about the Marathon project. The attached draft has been agreed by the Departments concerned.

2. The Department of Trade and Industry will be in touch to make arrangements so that the final version of the letter, together with the customary formal letters at official level, are delivered after 5 p.m. tomorrow evening. The timing has been agreed with the White House. The Department of Trade and Industry are co-ordinating a press line.

3. In his message of 1 June, President Bush accepted the Prime Minister's proposal that the two Governments should work together to prevent other countries from taking over the project. He indicated that he would be sending parallel messages to Chancellor Kohl, President Mitterrand and Prime Minister Kaifu. These are likely to be finalised and sent later this week. We shall submit draft parallel messages from the Prime Minister.

4. A possible problem has arisen over discussion at the High Level Meeting of COCOM on 6 June about the potential export of fibre optics equipment at a lower level of technology: at the 45 Mb/s level compared with the 140 or 565 Mb/s level involved in the Marathon applications.

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The Foreign and Commonwealth Office, in conjunction with the Department of Trade and Industry are seeking urgent clarification of the precise implications, and will report the outcome.

5. I am sending copies of this minute and attachment to Stephen Wall (FCO), Simon Webb (MoD), Martin Stanley (DTI)

L V Appleyard
L V Appleyard

Cabinet Office
4 June 1990

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

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Draft letter from the Prime Minister to
The Rt Hon The Lord Joseph CH PC

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CDW

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