

B.0505

MR POWELL

MARATHON

No further
reply needed -
see Lord
Joseph's letter
of 18 July
ad

Mr Morris's letter of 11 July to the Private Secretary to the Trade and Industry Secretary requested a draft reply to Lord Joseph's letter of 11 July to the Prime Minister. Lord Joseph's letter follows up an earlier one of 28 June, to which the Prime Minister replied on 16 July (copies are attached).

2. The reply to the second letter need only say that the subjects Lord Joseph mentions will be the subject of Mr Meadway's discussions with the Marathon partners. A draft is attached.

3. I am sending a copy of this minute to the Private Secretary to the Trade and Industry Secretary.

L V Appleyard
L V Appleyard

Cabinet Office
19 July 1990

Draft reply from the Prime Minister to

The Rt Hon The Lord Joseph CH

Thank you for your letter of 11 July. As you know from my letter of 16 July, Mr Meadway from the Department of Trade and Industry is arranging a meeting with the Marathon partners, at which the issues you raise can be discussed in detail.



The Rt Hon. Mrs Margaret Thatcher MP
The Prime Minister
10 Downing Street
SW1A 0AA

28 June 1990

CONFIDENTIAL

Dear Margaret,

Marathon - not

Thank you for your letter of 5th June, which I found puzzling.

I appreciate that there are delicate complexities in the situation but there seems to be a worrying discrepancy between the content of your letter and the developments both in COCOM and in the USA.

As to the new COCOM regime, Governments may permit administrative exceptions for systems at 45 Mbits and with a wavelength of 1320nm without notifying COCOM. However, our understanding is that HMG does not intend to allow exports of this type of equipment under the discretion which it has agreed in COCOM. This opens the door to other suppliers and operators to bypass our national and broader Western interests and obtain commercial advantages denied to British companies.

Secondly, it appears from advice that the Marathon partners have received from the US - and the fact that they have been approached over the last two weeks by US suppliers and contractors with good connections with the US Administration for a stake in Marathon - that the US Government may be less hostile to the project than we were advised by Whitehall.

Given these ambiguities and difficulties it would be very helpful if you would be willing to arrange for a senior official fully au fait with the situation to meet as soon as possible representatives of the Marathon partners so as to clarify the position.

I would be most grateful if this might be authorised by you.

Yours as ever,

Kear



10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER



16 July 1990

Dear Keith,

Thank you for your letter of 28 June about the Marathon project.

The Government's decision not to approve the export licence application for the Marathon project was taken after the most careful consideration of all the issues. We remain in close touch with the United States Government to ensure that we both take a consistent position. We are also in contact with the other principal Western governments bilaterally and through COCOM. I see no reason to change the decision which we reached.

Nevertheless, I agree that it would be useful for a senior official to discuss the full range of issues raised in your letter with representatives of the Marathon partners. I have asked Mr. Meadway, an Under Secretary in the Department of Trade and Industry, to do this. He will be in touch with the companies to arrange a meeting.

Yours ever
Joseph

The Right Honourable The Lord Joseph, C.H.

SOVIET UNION - Relations PT 17

FROM: The Rt Hon. The Lord Joseph CH PC



CS. Cabinet Office
CDO
19/7.

The Rt Hon. Margaret Thatcher 18 July 1990
The Prime Minister MP
10 Downing Street
SW1A 2AA

PERSONAL
IN CONFIDENCE

Dear Margaret.

MARATHON

Thank you for your letter of 16th July and for arranging for Mr Meadway to discuss the full range of issues involved with representatives of the MARATHON partners. This is much appreciated.

Yours as ever,

Keri



the department for Enterprise

ccpc.

The Rt. Hon. Peter Lilley MP
Secretary of State for Trade and Industry

Dominic Morris Esq
Private Secretary to the
Prime Minister
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Our ref TJW006
Your ref
Date 19 July 1990

Dear Dominic

The Secretary of State has asked me to thank you for your letter of 11 July enclosing one from The Rt Hon The Lord Joseph CH PC concerning COCOM.

In fact, the matters raised are the responsibility of the Cabinet Office and I am therefore sending the papers on for reply.

Yours sincerely,

ADRIAN TIPPER
Assistant Private Secretary



Southern Bell PA 17





De
EA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

Adm/ 11 July 1990

I enclose a copy of a letter which the Prime Minister has received from The Rt Hon. The Lord Joseph, CH, PC.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature, to reach this office by Thursday, 26 July.

OK

DOMINIC MORRIS

Ben Slocock Esq
Department of Trade and Industry

MEM

FROM: The Rt Hon. The Lord Joseph CH PC



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

11 July 1990

CONFIDENTIAL

Dear Margaret.

MARATHON

- Also with DM
Further to my letter of 28th June I am now told that in addition to the exception from the COCOM regime of 45 megabits systems referred to by me in that letter, COCOM members can exercise national discretion to permit for the USSR 140 megabits systems at 1.3 nanometres.

I am also told that the UK has told companies that it does not intend to exercise the discretion thus available to us.

If this is indeed the case, then I am sure that COCOM members (e.g. the Germans) are free to provide, in effect, the MARATHON system.

I ventured to warn last year of this danger. It would be a very sad and regrettable outcome - from what was a Cable & Wireless/GEC UK initiative - for the UK's national and commercial interests.

I do hope that the meeting requested by me at the end of my June 28th letter between MARATHON partners and a senior official fully au fait with the very latest circumstances may be urgently arranged.

*Yours as ever,
Kevin*

SOVIET UNION, Relms #47

