



CONFIDENTIAL

PRIME MINISTER

*Pl. bring forward
for OD on 22
October
OD.*

ECGD COVER: TURKEY AND PAKISTAN

1. You have called a meeting of OD next week to discuss Tornados for Turkey. This case gives rise to similar issues on ECGD cover for major defence business in difficult markets that were considered on the sale of frigates for Pakistan and which we are also considering for Jordan tomorrow. I am minuting you separately about the Jordan case. You will recall that the OD meeting on 28 March which agreed exceptionally to increased cover for the Pakistan proposal asked Peter Rees and Norman Tebbit to determine how this could be provided without detriment to ECGD's support of other potential business with Pakistan. They have been in correspondence since then, the correspondence resting with Peter Rees' minute to you of 1 August.

2. Norman Tebbit's proposal was that OD's wish could best be achieved by transferring off ECGD's trading account the cover for the sale. Peter Rees has not felt able to agree to this. So support for other potential business is not available.

3. If OD decides that cover should be provided for the Tornado sale, or if the Jordan case goes ahead as Michael Heseltine proposes, then the same issue will arise. If you agree, I would hope that we could review the whole position of cover in cases like this at the OD Meeting on 22 October so that we do not lose other good potential business.

4. I am copying this minute to Members of OD.

P.C.

PAUL CHANNON

15 October 1984

DEFENCE: Salvo



15 OCT 1984



CORRESPONDENCE