



FROM THE  
MINISTER OF STATE  
FOR INDUSTRY AND  
INFORMATION TECHNOLOGY

KENNETH BAKER MP

Rt Hon Leon Brittan QC MP  
Chief Secretary  
HM Treasury  
LONDON SW1

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

6401

TELEPHONE DIRECT LINE 01-212  
SWITCHBOARD 01-212 7676

cc PS/PRIME MINISTER ✓

PS/SOS  
PS Mr MacGregor  
Mr Manzie  
Mr Gill  
Mr Benjamin  
Mr Dell  
Mrs Bell 5  
Mr Collins

N. S. P. R.

Mr 6/4.

April 1982

*John Biffen*

Peter Carrington Esq  
Geoffrey Howe Esq  
Norman Tebbit Esq  
John Biffen Esq

I am writing to support John Biffen's letter of 2 April. I do not think I can add to the full account of the project and related matters given in his letter, but there are a few key issues that I want to stress.

If we proceed as John proposes, the cost to official funds of the credit on Station 'D' would actually be less than that for Station 'C' because of the changes in financing conditions agreed between GEC and the client. Since the value of the business won would be virtually identical, there is no doubt that Station 'D' would represent better value for money for the UK taxpayer.

Since GEC are the only firm effectively in the bidding, it is unlikely that there would be objections to a derogation from current consensus terms, from the European Community or elsewhere. I note that John Biffen believes that the international repercussions of a derogation could be easily contained.

I also strongly support John's view that a rejection of GEC's case now - the company having secured an outline letter of intent - would effectively be to throw away business for which the company have worked very hard.

Finally, I would like to comment on the position of the other British companies interested in Station 'D'. I agree with John that if Babcock or any others were to be offered business on the same terms as GEC, we could not in equity offer them less than GEC.

I hope you will find it possible to agree with John's arguments without the need for a discussion in EX.

I am copying this to those who received John Biffen's letter.

*Ken Baker*

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KENNETH BAKER