



CONFIDENTIAL

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PS/ Secretary of State for Trade and Industry

1 March 1985

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

*NBPM
CP
1/3*

Dear Charles,

EXPORT OF CARBON-CARBON TECHNOLOGY TO THE USSR: CONSARC
ENGINEERING LIMITED

In my letter of 27 February I warned you that we could face an awkward situation given the belief that ECGD's liability towards Consarc was much less extensive than had originally been supposed. I then said that the situation would be explored further with the company at a meeting to be held on 28 February.

2 At the meeting yesterday a number of new facts emerged about the circumstances in which the company had arranged for the contract in question to be covered by ECGD. As a result ECGD have now confirmed that the extent of their liability towards the company is in fact the same as had been thought at the time of the Prime Minister's meeting: they will be paid some 90 to 95 per cent of the contract value. The danger of the company going into liquidation has passed; and adverse publicity is unlikely.

3 I am sending copies of this letter to Len Appleyard (Foreign and Commonwealth Office), Richard Mottram (Ministry of Defence), Rachel Lomax (Treasury), John Graham (Scottish Office) and Richard Hatfield (Cabinet Office).

Yours ever,

Callum

M C McCARTHY
Private Secretary

Soviet Union : Credit Terms A73

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