



URGENT BOX

10 DOWNING STREET

Prime Minister

President Reagan : John Brown

Both the Chancellor and Michael Franklin have approached me several times to ask if you will raise this again with the President (please see attached letter from John Brown and speaking note). They know you have already mentioned it but hope that the Americans will undertake to reply within a week

PTO

because John Brown with
otherwise have to publish
losses of £20 - 30 m
very soon.

MLS 8/6

John Brown and Company, Limited

Our Ref

Your Ref

By hand

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8th June 1982

Dear Prime Minister

Soviet Gas Pipeline

The John Brown Group continues to be very concerned about the American ban on exports of equipment for the West Siberian gas pipeline. We have contracts worth £104 million at stake over which there has been uncertainty since the beginning of the year due to the American action. A decision to reduce our commitments, which would itself be very costly, has been postponed on a number of occasions in the expectation of a satisfactory outcome. Discussions with US officials have produced no result so we believe that your own talks with President Reagan this week represent the last chance for us. Deliveries to the Soviet Union are due to begin next month. If these do not take place, we shall not only be laying ourselves open to heavy penalties but will have passed the point where our Board could allow accumulation of costs to continue without risking grave consequences to the Group as a whole and the Scottish operations in particular.

We had hoped that discussions leading up to the Versailles Summit might have brought us an answer, but Press reports of this aspect of the event are contradictory and the Government departments concerned can tell us very little. If the matter has not already been resolved, may we urge you to make the strongest possible representations to President Reagan for a decision during the next few days which will allow us to complete existing contracts? He should be aware of the serious industrial implications of further delay.

We are copying this to the Rt Hon Francis Pym, the Rt Hon Lord Cockfield and the Rt Hon Patrick Jenkin.

1 Sign this in the absence on business reasons
of my Chairman, John Mayhew-Sanders.

2 July

Obenconway
President and Past Chairman