

dti

the department for Enterprise

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Trade and Industry

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

CP
26/6

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
071-215 5000

Telex 8811074/5 DTHQ G
Fax 071-222 2629

Direct line 071 215 5622

Our ref PB5AFA

Your ref

Date 22 June 1990

Dear Charles

*file
- WJH/CDP*

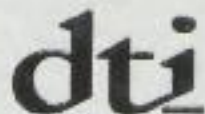
Thank you for your letter of 19 June.

We are not surprised that Mr Tom Phillips took advantage of his opportunity to raise the difficulties of Cossor Electronics. The DTI has put considerable effort recently into making representations on their behalf on a number of issues. Your letter touches on two of them: subsidised competition, and public procurement.

Last year the company complained formally to the Commission that they were losing contracts to Thomson CSF (France) and Selenia (Italy) because the competition was subsidised. One good example is a radar contract for the Civil Aviation Authority of China last October, won by Selenia with a bid of \$20m against the British bid of \$27m. The Secretary of State wrote twice to Sir Leon Brittan in support of the company. Sir Leon treated the complaint extremely seriously, and has had the complaint investigated under the Community state aid and competition policy rules. However, both the French and the Italian Government were able to convince the Commission that the rules had not been breached. We continue to give the Commission active support in their efforts to police subsidies in the Community. In particular, the work they are currently doing on aids for exports may help in the field of overseas contracts.

On the public purchasing side, the situation is more complicated. The current position for the purchase by public authorities of air traffic control equipment is that the Works Directive applies to state, regional and local authority bodies, while the Works Directive applies to "bodies covered by public law". When the Utilities Directive comes into force at the end of 1992, all airports will fall under a rigorous public procurement regime.





the department for Enterprise

We do not have enough information about Cossor's efforts in the French and Italian markets to know whether they are being denied rights they should now have, or whether these will not in fact mature until 1992. We and the Treasury should be glad to advise the company further, on the basis of any information they were able to provide.

This uncertainty argues against use of the specific case in discussion of the Single Market at the Dublin Summit - though we should be keen to see reference in the conclusions to the importance of progress on public purchasing, amongst our other priorities.

A copy goes to Richard Govey (FCO) and David Hadley (Cabinet Office).

Ben

Ben
BEN SLODICK
Private Secretary



SON ET UNION
PM'S visit to USSR Pt 4

CONSERVATION

