

JOINT LASER PROJECT EXECUTIVE COMMITTEEInflation and Currency Variations November 1974-May 1975

Note by J Jenkins and J T Wright

Information relating to inflation and currency variations between November 1974, the base line for the capital submission, and May 1975, the latest date for receiving tenders is as follows:

1. United Kingdom

The UK index of wholesale prices of products of manufacturing industries (other than food, drink and tobacco) gives an inflation rate of 12.7% between 1st November, 1974 and 1st May, 1975. A figure of 2% per month will probably be used to update UKAEA 1976/77 Estimates over this period to current prices.

2. United States

(a) OECD statistics of semi-manufactured goods show an inflation rate of 4.23% between 1st November and mid-February. A projection of this rate to May gives ~ 8% over the 6 months.

(b) Sterling has deteriorated by < 1% against the US \$ over the 6 months.

November 1974	/\$	2.325 to £1
May 1975	/\$	2.32 to £1

3. France

(a) OECD statistics of semi-manufactured goods show a small deflation over the same period. This is surprising, particularly as the annual French inflation rate has been quoted elsewhere at 15% for the year to 31st December 1974.

(b) Sterling has deteriorated by ~ 9% against the French franc between November 1974 and May 1975.

November 1974	10.88 F.F. to £1
May 1975	9.9 F.F. to £1
	(current rate 9.31)

4. Summary

The above points to ~ 9% variations overall for both US and France; rather less than we could claim if the hardware had been manufactured in the UK. There appears to be little merit in seeking an update of the approval figures at the present time, bearing in mind that the project could be delayed for several months yet with the possibility of re-tender. When we do seek an update, the most advantageous course on present indications would be to claim at UK rate of inflation as for other capital schemes. This would stand a fair chance of acceptance.

10th June 1975