

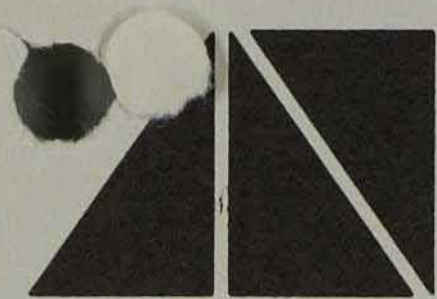
Confidential filing

Correspondence with Alan Newman Ltd about the refusal of British shipbuilding firms to undertake a contract for the conversion of a 40,000 ton liner

NATIONALISED
INDUSTRIES

July 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
23.7.80 4-8-80							
PREM 19/315							



Alan Newman Limited

Interior Contractors and Manufacturers
Baird Road, Enfield, London EN1 1SJ England
Telephone: 01-805 8686 Telex: 262398 ANLTD

Handwritten signature/initials



Your Ref:

Our Ref: ANL/AN/AM

4 August, 1980

Handwritten arrow pointing to the recipient's name

Mr. Michael Pattison
Private Secretary
10 Downing Street
London SW1

Dear Mr. Pattison,

Thank you for your letter of 23 July regarding the shipbuilding contract.

Would you please convey to the Prime Minister my thanks for the prompt action which has been taken in this matter.

You will be interested to know that negotiations are now going on between British Shipbuilders and the client and I hope that they will be brought to a successful conclusion.

Thank you once again for your assistance,

Yours sincerely,

Handwritten signature of Alan Newman

Alan Newman
Chairman
ALAN NEWMAN LTD



- 5 AUG 1980

NOT RECORDED





10 DOWNING STREET

From the Private Secretary

23 July 1980

The Prime Minister has seen your letter of 2 July about the difficulties you have encountered in trying to place a contract for the conversion of a liner into a floating hotel with British Shipbuilders and Harland and Wolff. She has asked me to reply to you.

Officials at the Department of Industry and the Department of Commerce of Northern Ireland have taken up the points in your letter with the companies. British Shipbuilders say that neither your associates nor anyone else have yet prepared a detailed specification of the work to be done; and that under those circumstances eight months was insufficient time to do the work. Given more time and a proper design specification, British Shipbuilders would certainly be interested. Alternatively, they would accept a contract to do the design study themselves and I understand that they have been in touch with you about this possibility.

M. A. PATTISON

Alan Newman, Esq.



*I have revised to
avoid hostages
to justice.*

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

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/Secretary of State for Industry

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

21 July 1980

Prime Minister

*Sir Keith Joseph & Mr Butler have
approved this revised advice about
Mr Newman. They still accept
BS judgement that Newman is a
fly-by-night operator, but the revised
draft is less dismissive. Note X below.*

Dear Mike,

MR ALAN NEWMAN'S LETTER TO THE PRIME MINISTER *May we write as in
attached draft?*

More information has come to hand about this case since you asked
us to reconsider our first draft, and I should be grateful if you
would replace it with the new one attached. *MAD
22/*

2 Mr Newman's complaint to the Prime Minister ignores the relative
sketchiness of his proposition which led BS first to ask for more
information and then to say that they could not do what was apparently
wanted in the time apparently available. They explained this fully
to Mr Newman and only pointed out the need for 2300 extra skilled
men as one way of showing the impracticality of his request, since
such a number could not be obtained or trained within the timescale
he insisted upon. In fact the difficulty of getting all the
necessary equipment (eg Alternators) in the time available was just
as ruinous to the prospect of getting business of any value.

X | 3 It has since transpired that Mr Newman had no power to negotiate
on behalf of the owners who have of their own accord telephoned BS
today with a promise to let them have further information for them
to evaluate. Mr Newman, it seems, was naturally concerned with
his own interest in getting business.

4 It looks as if BS will have the chance to price a more considered
proposition.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



DRAFT LETTER FOR THE PS/PRIME MINISTER TO SEND TO:

Alan Newman Esq
Chairman
Alan Newman Limited
Baird Road
Enfield
LONDON EN1 1JS.

The Prime Minister has seen your letter of 2 July about the difficulties you have encountered in trying to place a contract for the conversion of a liner into a floating hotel with British Shipbuilders and Harland and Wolff. She has asked me to reply to you.

Officials at the Department of Industry and the Department of Commerce of Northern Ireland have taken up the points in your letter with the companies. British Shipbuilders ^{say} have explained that the proposition you put to them was at too early a stage for them to consider it properly. They noted that neither your associates nor anyone else had prepared any detailed specification of the work to be done; ^{under those circumstances of necessity} (that you were only able to offer them ^{was without loss} about 8 months in which to do the work; (that this time could easily be absorbed in waiting for some of the necessary component equipment eg alternators and a new switchboard and that even if the work could be defined for an immediate start it would be impossible for them to find and assemble enough skilled workers to complete the work in the time available. All these reactions were shared by Harland & Wolff.)



- 2 -

Given more time and a proper design specification, British Shipbuilders would certainly be interested, ~~because it might then be possible to fit the work in.~~ Alternatively, they would accept a contract to do the design study themselves and I understand that they have been in touch with you about this possibility.

On the evidence available to her, the Prime Minister believes that what you took to be dilatoriness on British Shipbuilders' part was in fact no more than common prudence.

11 12 13 14
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31

22 JUL 1980



Spoke Dot.
Further advice
coming
Lamson M.A. 21/11

PRIME MINISTER

Please Tell SIS I am Nathaniel
appalled at the excuses and
the cheek letter. They are a caricature
of every thing that is wrong with British
industry. But letter sent for. Day 1

Alan Newman Limited have written to you in a tone of
surprise and disappointment over their problems in finding a
British shipbuilder to carry out a contract to convert a
40,000 ton liner into a floating hotel.

Mr. Newman finds it impossible to reconcile the negative
response from British shipbuilders and other British yards
with the parlous state of the shipbuilding industry.

The Department of Industry have been in touch with
British Shipbuilders, who justify their lack of interest
on four grounds:

- inadequate planning by the potential client;
- some major items with long delivery times in
relation to the overall contract period;
- at peak loading the contract would require about
2300 men, largely in the outfit trades where labour
is still scarce;
- additional contract labour for the purpose creates
problems of meeting delivery dates if the work-
force realise that there is no follow-on work
available.

If you are content with this explanation, may I write
on your behalf as in the attached draft from Sir Keith Joseph's
office?

M.A.

18 July 1980

and I am very angry
that industry should
be like this
I should
not

see
B's's letter
Am I right?
Thinking
How have
just been
given an
intergrant?
no!



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

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/Secretary of State for Industry

PS
R/16 July 1980

Mike Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Mike,

Thank you for your letter of 3 July attaching a copy of a letter the Prime Minister had received from Mr Alan Newman about the company's difficulty in finding capacity in the shipbuilding industry to work with them on a liner conversion contract.

... 2 I attach a draft Private Secretary reply which you may care to send to Mr Newman on the Prime Minister's behalf.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



DRAFT REPLY FOR THE PS/PRIME MINISTER TO SEND TO

Alan Newman Esq

The Prime Minister has seen your letter of 2 July about the difficulties you have encountered in trying to place a contract for conversion of a liner into a floating hotel with British Shipbuilders and Harland & Wolfe. She has asked me to reply to you.

Officials at the Department of Industry and the Department of Commerce in Northern Ireland have taken up the points in your letter with the companies. British Shipbuilders have explained that although it is a major contract they felt that in some areas detailed planning by your client was not well advanced and that

- ① specific major items would have had awkwardly long delivery times in relation to the required contract period. But, more particularly,
- ② the contract at peak loading would have called for about 2,300 men, mainly in the outfit trades. You are of course correct in thinking that British Shipbuilders and Harland and Wolff are both in urgent need of work for their men but neither of them has
- ③ enough spare labour in the relevant trades to take on your business in the time allowed. Nor do they consider that it is a viable
- ④ proposition to take on extra labour specifically for this contract since they would be unable to provide follow-on work and would have to get rid of the extra labour when the contract was complete. This could itself lead to difficulties in meeting contract dates when completion means the end of a job. Extensive use of sub-contract labour, even if this were possible to arrange, could create difficulties with the companies' own work forces.

Having looked into this the Prime Minister is satisfied that the companies' reasons for refusing the contract are commercially sensible. She feels, however, that the reasons for doing so may not have been fully explained to you and I am therefore sending copies of this letter and of yours to the Chairmen of British Shipbuilders and Harland and Wolff.

file

Mr. A. NEWMAN

3 July 1980

I attach a copy of a letter the Prime Minister has received from Mr. Alan Newman about his company's difficulties in finding capacity in the shipbuilding industry to work with them on a liner conversion contract.

I would be grateful if you could provide a draft Private Secretary reply to send to Mr. Newman on the Prime Minister's behalf. Could we please have a draft by 16 July.

MIKE PATTISON

Peter Stredder, Esq.,
Department of Industry.

EH

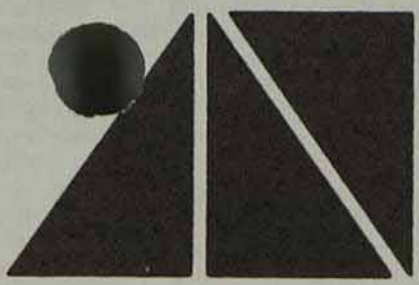
3 July 1980

I am writing on behalf of the Prime Minister to acknowledge your letter of 2 July. This is receiving attention and a reply will be sent to you as soon as possible.

MIKE PATTISON

Alan Newman, Esq.

RH



Alan Newman Limited

Interior Contractors and Manufacturers
Baird Road, Enfield, London EN1 1SJ England
Telephone: 01-805 8686 Telex: 262398 ANLTD



Your Ref:

Our Ref: ANL/AN/AM

2 July, 1980

Rt. Hon. Mrs. Margaret Thatcher
Prime Minister
10 Downing Street
London SW1

Dear Madam,

I feel that my recent experience in trying to get an export contract for the UK has come up against serious problems which should interest you.

We are a medium sized family company and have traded prosperously for over thirty years, during which time we are proud to have earned the Queen's Award for Export Achievement.

We recently received an enquiry from a Swiss client asking if we could arrange, working with a British shipbuilder, to carry out a contract for the conversion of a 40,000 ton liner into a floating hotel.

Having read of the plight of the British shipbuilding industry, I assured our client that I felt this work could well be carried out by British shipbuilders to the required standard. I then approached a number of leading British shipbuilders as well as British Shipbuilders Ltd's head office, and in every case met with a negative reaction; all claimed they had not got the labour!

As the same time the BBC announced that British shipyards are being reduced to working a three day week due to shortage of contracts!

I then spoke to Harland & Wolff and was given the same negative reply, for the same reason. Three days later it is announced that the British Government is giving Harland & Wolff a grant of 42.5 million pounds to tide them over their shortage of work!

Mrs. Thatcher, I am told by the shipbuilders that this contract means eight months' work for 2,400 men. There are 1.6 million unemployed!

I suggested to these shipbuilders that we could help by doing the joinery work, the bathrooms and the furnishing, but to no avail.

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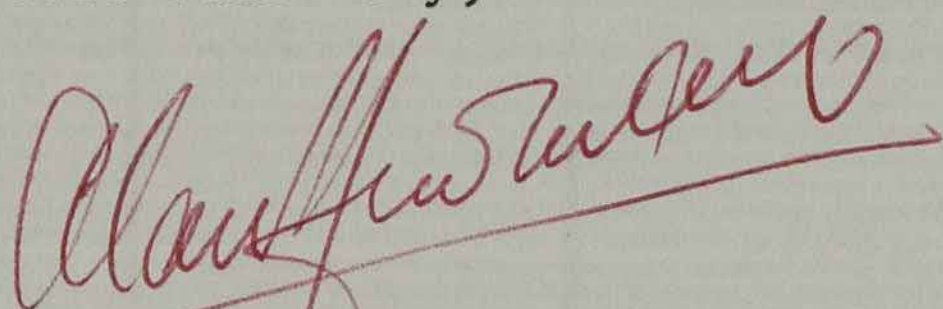
- 2 -

Rt. Hon. Mrs. Margaret Thatcher
Prime Minister

2 July, 1980

Before I tell our client to place his contract with a foreign
shipbuilder I should be glad to receive your comments.

Yours sincerely,



Alan Newman
Chairman
ALAN NEWMAN LTD

