



Foreign and Commonwealth Office

London SW1A 2AH

29 May 1979

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Dear Bryan,

Prime Minister

Vietnamese Refugees

Hugh Cortazzi's letter of 28 May noted that the last Government had cancelled all future aid for Vietnam but that it had maintained commitments to make finance available under the Aid and Trade Contingency Provision (ATCP) for turbine generators and ships.

The present position on these contracts is as follows:

(a) Turbine Generators

The total value of the contract was £9 million, for three units. £2.9 million (30 per cent) was to be provided from aid funds. The contract has been completed, the units have been shipped, and final payments received.

(b) Ships

Austin and Pickersgill, a subsidiary of British Shipbuilders at Sunderland, contracted to supply 4 x 14,000 DWT general purpose cargo ships of standard design. The total value of the contract was about £18 million. It was to be financed by some £4.5 million aid, a £4.5 million loan, backed by ECGD, and the balance of £9 million, a normal commercial loan.

One ship has been delivered to the Vietnamese. The others are scheduled for delivery in late 1979 or early 1980. Approximately £2.3 million of the ATCP money has still to be paid.

attached → If this money is not paid, the Vietnamese would no doubt argue that we were in breach of our obligations in the exchange of Notes with them in February 1979 concluding the financial aspects of the contract. They might accordingly no longer make payments under the contract. Their obligations could amount to as much as £14 million.

British financial and shipbuilding interests involved would be likely to demand compensation for losses they would sustain. If the order were not proceeded with, there would be employment consequences in the Sunderland area, where unemployment is at present at 14%. 50% (1,500) of Austin and Pickersgill's work-force are occupied in building the remaining three ships.

In the current severely depressed state of the ship-building market, it is unlikely that the ships could be sold off other than at a loss. If they were to be disposed of at cut prices (through

/ aid

B G Cartledge Esq

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aid or in other ways) there could be protests from British ship owners.

I am copying this letter to Tony Butler (Home Office), Bill Beckett (Law Officer's Dept) and Martin Vile (Cabinet Office).

*Yours ever,  
Stephen*

J S Wall

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AMBASSADOR  
OF THE  
SOCIALIST REPUBLIC OF VIET NAM

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*12-14 Victoria Road  
London, W8 5RD*

February 19, 1979

Your Excellency,

I have the honour to acknowledge and thank you for Your Excellency's Note of today's date concerning a grant to my Government towards the cost of four SD 14 (Series IV) cargo vessels from Austin and Pickersgill Ltd of Sunderland.

I confirm that the contents of your Note are acceptable to the Government of the Socialist Republic of Viet Nam and that your Note and this reply place on record the understanding of our two Governments in this matter. These arrangements will come into operation today and will be known as the United Kingdom/Vietnam Grant 1979.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

*Tran Hoan*

Tran Hoan

Her Excellency  
The Minister of Overseas Development  
Eland House Stag Place  
London SW1E 5DH