



cc
D/I
DS.
HONG KONG

10 DOWNING STREET

THE PRIME MINISTER

23 January, 1981.

Dear Mr. Kimber,

I was delighted to hear that you have succeeded in securing an order for four SD14 cargo vessels from Sir Y.K. Pao's World Wide Shipping. This is a most important success which I hope will form the basis of further inroads into the Far Eastern market.

Against the background of this order, we will now be looking to Austin and Pickersgill, and indeed British Shipbuilders as a whole, to demonstrate its ability to complete its orders on time and within cost. As my colleagues have made clear, only by the most substantial and rapid improvements in productivity and efficiency can the industry secure for itself a viable future.

My congratulations to all concerned.

Please let me know how the four vessels are progressing.

Yours sincerely,

((SGD) MT

Derek Kimber, Esq., O.B.E.

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Austin & Pickersgill Limited Shipbuilders since 1826

Henry Vernon

A MEMBER OF British Shipbuilders

P.O. BOX 38 SOUTHWICK SUNDERLAND
TYNE & WEAR SR5 2BJ
Telephone: 76100 Telex: 53118

*Rediff
2/12*



The Rt. Hon. Margaret Thatcher, MP,
10 Downing Street,
LONDON SW1.

28 January 1981
DBK/JH

Prime Minister

H.F.

RJA

MS

Dear Prime Minister,

Handwritten initials

World Wide Shipping Orders

How kind of you to write in the terms of your letter of 23rd January, which I very much appreciated, as did my colleagues.

Austin & Pickersgill has for many years given much attention to developing Greece and the Far East as its principal foreign market places and we are hoping soon to meet your expectations by announcing further orders from each area. Indeed in each of the three successive years 1980/81/82 the £50 million of ships we deliver annually will be 100% for export - an unusual record which might not be sufficient to merit a fourth Queen's Award, but of which we are nevertheless quite proud.

I note you would like to be kept informed of progress on Sir YK's four ships; it will however be about 12 months before we commence work on them.

Yours sincerely

Joseph Kimber

Chairman

DIRECTORS D. B. KIMBER, O.B.E., M.Sc. (Eng.) (Chairman), K. DOUGLAS, C.Eng., F.R.I.N.A. (Managing), G. E. ELLARD, A.C.M.A. (Deputy Managing), R. CARTER, C.Eng., F.I.Mar.E., C. D. W. LANGLEY, B.Sc., J. P. PATERSON, M.A., S. BEDGWICK, F.C.A., L. G. SHEPPARD, F. THOMPSON, N. WATSON, F.C.I.S., A.C.M.A.

REGISTERED OFFICE: BENTON HOUSE 136 SANDYFORD ROAD NEWCASTLE UPON TYNE NE2 1QE

REG No: 63669/ENGLAND

file

R H

15 January, 1981

I am writing on Clive Whitmore's behalf to thank you for your letter of 13 January. I have shown the letter to the Prime Minister, and she has asked me to say that she is delighted that, partly as a result of your tour of the Far East, British Shipbuilders have now secured orders from both Sir Y K Pao and C Y Tung.

I. P. LANKESTER

Robert Atkinson, Esq
(British Shipbuilders)

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

TELEPHONE DIRECT LINE 01-212 3301
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PS/*Secretary of State for Industry*

15 January 1981

Tim Lankaster Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Prime Minister

Dear Tim

AUSTIN AND PICKERSGILL

Order from Sir Y K Pao

I wrote to Clive Whitmore on 30 December setting out the reservations of officials here on the Prime Minister writing at that time to Mr Derek Kimber, the Chairman of Austin and Pickersgill Limited, about the above order. The Prime Minister was dissuaded from writing to Mr Kimber until the question of the Intervention Fund Grant relating to this order was settled.

2 An Intervention Fund Grant of up to £5.3 million towards this contract - valued at £23.2 million - has now been approved in principle and the way is now clear for the Prime Minister to write to Mr Kimber. I enclose a draft letter for the Prime Minister's signature.

Yours ever

Catherine

CATHERINE BELL
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

D Kimber Esq
Chairman
Austin and Pickersgill Ltd

I was delighted to hear that you have succeeded in securing an order for four SD14 cargo vessels from Sir Y K Pao's World Wide Shipping. This is a most important success which I hope will form the basis of further inroads into the Far Eastern market.

Against the background of this order, we will now be looking to Austin and Pickersgill, and indeed British Shipbuilders as a whole, to demonstrate its ability to complete its orders on time and within cost. As my colleagues have made clear, only by the most substantial and rapid improvements in productivity and efficiency can the industry secure for itself a viable future.

My congratulations to all concerned.

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British Shipbuilders

243 Knightsbridge, London SW7 1DG. Telephone 01-589 3488 Telex 917060

Robert Atkinson
Chairman

C. A. Whitmore Esq.,
Principal Private Secretary to
The Prime Minister,
10, Downing Street,
London,
SW1.

Ami Whitmore

*I will send a
nice letter on
your behalf*

13
13th January 1981

Dear Mr. Whitmore,

In November I led a high level British Shipbuilders intensive sales tour of the Far East. We represented our case very strongly particularly to Sir Y. K. Pao and C. Y. Tung. After several meetings the former smiled and commented that the Prime Minister had said to him "one day we will be competitive and take an order from you".

Please tell the Prime Minister that we have now received an order from Sir Y. K. Pao for four standard ships to be built at Sunderland at competitive prices in spite of the strong £. Additionally, we have now also obtained two ships from C. Y. Tung.

Yours sincerely,

Robert Atkinson

Robert Atkinson.



10 DOWNING STREET

From the Private Secretary

31 December, 1980.

BF 15.1.81

Correspondence with Sir Y.K. Pao

Thank you for your letter of 30 December which I have shown to the Prime Minister. In view of the information that Austin and Pickersgill will have to negotiate an Intervention Fund grant, she will not immediately write to Mr. Kimber; but she would still like to, as and when this grant has been negotiated. Could you therefore let me have a draft letter as soon as the grant position is clarified.

T. P. LANKESTER

Mrs. Catherine Bell,
Department of Industry.

55

Y. K. Pao said "My Group -- has just received
agreement --
It will now be very
entirely up to
us whether we
pay or not



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
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PS/ Secretary of State for Industry

30 December 1980

Clive Whitmore Esq
Principal Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Principals

We had drafted a letter for you to
send to the MD of A and P. But we now
find (see below) that A and P have yet to
negotiate their Intervention Fund grant. I
think it would be best for you not to
write to A and P until the negotiation is
completed. Agree? (Your letter to Yk. is
attached, and also his letter. Yk might have mentioned
the intervention fund point, but your letter does not
compromise the Govt.)
on it.

Dear Clive

CORRESPONDENCE WITH SIR Y K PAO

We spoke on the telephone this morning about the Prime Minister's
response to a letter she received from Sir Y K Pao just before
Christmas. You explained that the Prime Minister had sent a
personal reply to Sir K Y Pao but was minded also to write to
Derek Kimber, the Chairman of Austin and Pickersgill, saying that
she would be taking a personal interest in progress on the four
cargo ships which Sir Y K has provisionally agreed should be
built at the Sunderland yard. You asked me to set out the
reservations of officials here on the Prime Minister writing
to Mr Kimber at present.

2 It is suggested that any possible letter to Mr Kimber should
be deferred until a decision is reached on Austin and Pickersgill's
provisional application for an Intervention Fund grant of £5.3 million
in support of the order from Sir Y K Pao. The application for
Intervention Fund grant, which has not yet been endorsed by BS
Headquarters, was received here on 29 December and arrangements
have been made for officials to visit the yard on 7 January 1981.
If, following the visit, there is reason to believe that even with
maximum assistance, Austin and Pickersgill are likely to suffer
a loss on the contract the issue may need to be referred to
Ministers for a collective decision. A letter from the Prime
Minister to Mr Kimber at this stage might be taken as an indication
that Intervention Fund assistance will be given and thereby prejudice
consideration of BS's application.

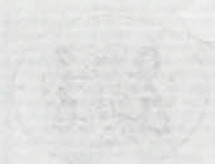
3 Would it be helpful if I were to let you know the position on
the application for Intervention Fund grant as soon as possible
after the visit to the yard on 7 January? We would, of course,
be happy to provide a draft letter for the Prime Minister to send
to Mr Kimber as soon as the position on the Intervention Fund grant
is clarified.

Yours sincerely
Catherine Bell
CATHERINE BELL
Private Secretary

TL
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30/12

30 DEC 1980

DEPARTMENT OF INDUSTRY
LONDON SW6 1RS
11.4.1.2.5.4.7.6.3



CONFIDENTIAL

CONFIDENTIAL

MR. INGHAM

The Prime Minister has asked me to show you the attached correspondence about an order for four new general cargo vessels which Sir Yue-Kong Pao has been instrumental in placing with Austin and Pickersgill.

She has said that we should be able to secure some publicity for the order, and you might like to pursue this with the Department of Industry. You will remember that the Prime Minister visited the Austin and Pickersgill yard in Sunderland earlier in the year. She subsequently asked Sir Yue-Kong when he was over here in this country to give the yard a chance to win the order for the four new ships.

AWJ.

29 December 1980

CF pm had not

attached in

can in want to

use it

later

Tu

PRIME MINISTER

You said that you wanted to write to the Manager of the Austin and Pickersgill yard where the four new general cargo vessels which the joint venture company formed by Sir Yue-Kong Pao's Group and the Chinese authorities has ordered will be built.

I attach a letter for you to send to Mr. Derek Kimber, the Chairman of Austin and Pickersgill. I think you met him during your visit to the yard earlier in the year. I also attach copies of your exchange of letters with Sir Yue-Kong. You said you wanted to keep these.

Law.

29 December 1980



10 DOWNING STREET

THE PRIME MINISTER

I heard just before Christmas from Sir Yue-Kong Pao of the World-Wide Shipping Group that the joint venture company which his Group had recently formed with the Chinese shipping authorities had just reached agreement with Austin and Pickersgill on an order for the construction of four general cargo vessels.

This was very welcome news indeed, and I have replied to Sir Yue-Kong Pao saying that I could not have had a better Christmas present. I went on in my letter to him to say that we now had to justify his confidence in us by giving excellent value for money and delivering the ships on time. I told him that I had visited your yard earlier in the year and that I was sure that the people there would not let him down.

I have no doubt that everyone at Austin and Pickersgill recognises the importance of these orders. They will not only provide much needed work in the immediate future but if they are successfully completed, they may possibly lead on to further orders from Sir Yue-Kong Pao's Group. I very much hope that you will do all you can to ensure that Sir Yue-Kong Pao's confidence in Austin and Pickersgill is fully repaid.

D.B. Kimber, Esq., OBE