



P.0668

PRIME MINISTERHarland and Wolff
(E(NI)(82)7 and 9)

ms

BACKGROUND

In E(NI)(82)7 the Secretary of State for Northern Ireland accepts that there are no economic or commercial reasons for giving Harland and Wolff the further Government support necessary to keep it open; and endorses the view of an Independent Review Team that H & W cannot successfully diversify away from the large ships (over 100,000 deadweight tons (dwt)) which they are equipped to build. He argues however that the high and increasing rate of unemployment in Northern Ireland and the shipyard's symbolic importance to the Protestant community justify further support.

2. The Secretary of State makes four proposals:

- a. Harland and Wolff should be permitted to take an order for a bulk carrier for the British Steel Corporation (BSC) on terms considerably more generous than those currently available for orders from British Shipbuilders.
- b. H & W should be told that for the next two years they may seek orders on 'enhanced terms', more generous than those available to British Shipbuilders.
- c. The Government should be prepared to consider providing even more generous support than the 'enhanced terms'; but H & W should not be told of this.
- d. H & W should be required to reduce costs. The Secretary of State suggests that better managers could be found, with assistance from Mr Ian MacGregor; plans himself to discuss with the unions the scope for higher productivity; and proposes to seek independent advice from consultants on ways of finding major cost reductions.



3. In E(NI)(82)9 the CPRS support the Secretary of State's proposals. In addition however they recommend a long term strategy for H & W of progressive withdrawal from the business, with the management set clear corresponding objectives and asked to draw up an appropriate corporate plan. They also propose that the Government should consider various proposals for strengthening H & W's management during the run down (special inducements) and for creating alternative employment in Northern Ireland (new incentives, reducing real wage levels, more expenditure on construction).

MAIN ISSUES

4. The main issues are:

- a. what should be the broad strategy for H & W;
- b. in the light of that:
 - i. what terms should be available for the BSC order;
 - ii. what terms should be available for future orders;
- c. what can be done in the longer term:
 - i. to improve H & W's efficiency;
 - ii. to create alternative employment in Northern Ireland.

The strategy

5. On strategy, the CPRS paper (paragraphs 7 and 8) considers 3 main options: indefinite continuation, progressive withdrawal, or closure now.

6. There are strong economic arguments for closing H & W now. It has made losses every year except one since 1966, it has a record of late deliveries, and it has not won a shipbuilding order since June 1980. As paragraph 18 and Annex E of the note by officials attached to E(NI)(82)7 explain, immediate closure is the least expensive option, in public expenditure terms, unless from 1983-84 H & W can win



about three large orders a year on terms which require a steady reduction in Government support - for which there is scant prospect. There are however some major political objections to closure now. There are 6,850 jobs at stake, in a mainly Protestant area. Closure would seriously alienate Protestant opinion, although the Government will have to be careful not to appear to be treating H & W's workers more generously than De Lorean's mainly Catholic workers.

7. If closure now is ruled out on political grounds and the Committee accepts that indefinite subsidisation of H & W cannot be justified on economic grounds, the third option is progressive withdrawal, which the CPRS favours. The Secretary of State for Northern Ireland may however question whether it is feasible either politically, or from the point of view of industrial relations, for the Government to adopt a deliberate and avowed strategy of running down H & W's business and to ask H & W to draw up a corporate plan on this basis. It would be difficult to adopt this course without it becoming known publicly.

8. If the Committee considers that there are objections to this option also, the only remaining option is to keep H & W going for the time being on the basis of minimum cost seeking only such orders as are necessary to keep the shipyard operational, improving efficiency and reducing manpower as far as possible, and looking forward to the day when the political and economic situation in Northern Ireland may permit H & W's closure. This would in practice be a strategy of progressive withdrawal but it would need to be presented more as a temporary holding strategy until the future became clearer.

9. In the light of their conclusions on the strategy the Committee will need to consider the terms for the BSC order which is crucial to H & W's business over the next year or two and then the terms for future orders.

BSC order

10. If H & W is not to close now, there seems no alternative to securing the BSC order on whatever terms are necessary. The support which Mr Prior proposes involves Intervention Fund assistance equal to 23 per cent of the contract price (normal maximum 18 per cent); and 'soft credit' to the purchaser (7½ per cent interest rate, 100 per cent of contract price, repayable over 10 years with two years' grace) instead of the 'home credit' normally available on ships built in British yards for



British owners ($7\frac{1}{2}$ per cent, 80 per cent of price, $8\frac{1}{2}$ years to repay, no grace period). Even then H & W are likely to make a loss on the order unless their productivity improves by an improbably large amount. On the other hand, both H & W and British Shipbuilders have taken a few previous orders on these terms and the BSC ship is the only reasonably firm order in prospect.

Notification to European Commission

11. The Secretary of State for Northern Ireland states in his memorandum that there is no need to notify the European Commission of the assistance he proposes for the BSC order. There is an argument for notification, on the grounds that the maximum rate of Intervention Fund assistance at present permitted by the European Commission is 18 per cent (Mr Prior proposes 23 per cent) and that 'soft credit' can be regarded as a distortion of competition within the Community. In a letter of 1 March to the Lord Privy Seal Mr Prior argues that notification is not necessary since the application for Intervention Fund assistance was lodged when the permitted rate was 23 per cent; and since there is no known or suspected Community competitor for the BSC order. The Minister of State at the FCO (Mr Hurd) will comment on this proposed line. He may say that, although there is an argument for notification, it is not essential to do so. If the Committee decides against notification, you may wish to ask how likely the Commission would be to find out about the terms of the package; and what the Secretary of State for Industry can do, through BSC, to prevent their becoming public. If the Commission did find out details and ruled the package illegal there could be adverse effects on past and possible future support operations in shipbuilding and other sectors.

Public expenditure in 1982-83

12. If H & W is to be kept in being during 1982-83 and allowed to secure the BSC order on the terms proposed, the public expenditure provision for 1982-83 will need to be £47.6 million, and probably more if no other orders are obtained and there are additional redundancy costs.

Enhanced terms for future orders

13. The Secretary of State for Northern Ireland has proposed that the Committee should approve 'enhanced terms' for future orders. This would involve Intervention



Fund assistance five percentage points higher than can be paid on BS orders; no decrease in the volume of Intervention Fund assistance (unlike for BS); 'soft credit'; deferment of the owner's payments; changes of timing of progress payments; denomination of home credit loans in dollars; and disregard of a conventional discount in the price (the 'address commission') in determining the amount of credit given to the purchaser. Ministers would need collectively to decide that support on enhanced terms should be given in any particular case.

14. Recent experience suggests that H & W may indeed be unable to obtain orders except with especially generous support. The Chief Secretary, Treasury may argue that it is not necessary to agree in advance a set of possible 'enhanced terms', rather than leaving each case to be made on its merits: there will not be many of them. The Secretary of State proposes that colleagues should anyway consider collectively each proposal for support on 'enhanced terms'; but if the principle is agreed in advance the pressure on the Northern Ireland Office to keep support to a minimum may be weakened. This may be particularly important if Ministers want to pursue a strategy of sustaining H & W only on a minimum cost basis. Mr Prior may argue on the other hand that H & W's management need to know that there is at least the possibility of 'enhanced terms' if they are to go out and secure new business.

15. If the Sub-Committee takes the view that it is worth agreeing now a set of 'enhanced terms', but some of its members are not content with the detail of Mr Prior's proposals, the Ministers concerned could be asked to try and reach agreement outside the Sub-Committee.

Support at a higher level than 'enhanced terms'

16. The Secretary of State for Northern Ireland considers that orders may have to be taken on terms which go beyond even the 'enhanced terms' to avoid closure, for example the provision of guarantees to purchasers. However, there seems little need for E(NI) to decide now whether, if necessary, Ministers should agree to consider still more generous support. Any proposal can be looked at on its merits.

Measures to improve H & W's efficiency

17. If H & W is to be kept in being for the next few years for political reasons,



it is vital to reduce the public expenditure cost of doing so. There is likely to be agreement on Mr Prior's proposals for improved efficiency and on his efforts to find a new managing director, and other new managers. The CPRS has proposed that special inducements may be required for this purpose and the Committee may wish to explore in more detail what might be involved.

Measures to provide alternative employment

18. There is also likely to be agreement on the need to provide alternative employment opportunities for H & W's work force. The Secretary of State for Northern Ireland may wish to comment on the CPRS suggestions (new tax incentives, reducing real wage levels, and more expenditure on construction) and to offer his own ideas.

HANDLING

19. The Secretary of State for Northern Ireland, Mr Ibbs, the Chief Secretary, Treasury and (because of his responsibility for British Shipbuilders) the Secretary of State for Industry are likely to be the chief contributors to the discussion. The Secretary of State for Trade may have comments about the market for shipping and the implications for H & W. The Minister of State, Foreign and Commonwealth Office (Mr Hurd), will be able to comment on the European Community aspects of the BSC order.

CONCLUSIONS

20. You will wish to reach conclusions on the following points:

- a. what should be the broad strategy for H & W: (closure now, indefinite continuation, progressive withdrawal, or a minimum cost holding strategy);
- b. whether, and if so on what terms, H & W should accept an order from BSC; and whether the arrangement needs to be notified to the European Commission;
- c. whether public expenditure on H & W in 1982-83 should be £47.6 million and, if necessary, more than this if there are additional redundancy costs;



- d. whether, subject to the approval of the European Commission, a further tranche of Intervention Fund aid should be available for future orders;
- e. whether support should be available for future orders on the proposed 'enhanced terms', or whether cases should be decided entirely on their merits;
- f. whether the possibility of support on terms even more generous should be contemplated now, or whether decisions on this should be deferred;
- g. whether the proposed measures to save costs and strengthen management at H & W are approved;
- h. whether it is agreed that major diversification at H & W is not feasible;
- i. whether there are any measures which can be identified now to provide alternative employment for H & W's work force.

PLG

P L GREGSON

3 March 1982

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cc. AD



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

Prime Minister

(2)

The Rt Hon Humphrey Atkins MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

MCS 2/3

1 March 1982

Dear Lord Privy Seal,

HARLAND AND WOLFF: PROPOSED BRITISH STEEL CORPORATION (BSC) ORDER

I understand that your officials are concerned that the EC dimension to this order needs greater exposure than that contained in the memorandum I submitted to colleagues.

I fully recognise the importance of considering our international obligations in shipbuilding. One of the wider issues which I shall be putting to colleagues is a renewed tranche of Intervention Fund aid for H&W for the year beginning 16 July 1982. Clearly that proposal is subject to notification to the Commission and I understand that work is already under way on preparing with Department of Industry officials a joint notification covering both British Shipbuilders and H&W.

The difficulty arises specifically in relation to the BSC order. The terms proposed consist of three elements: Intervention Fund aid at 23% of contract price, Shipbuilders Relief at 2% and soft credit under the scheme approved by E(EA) in 1979.

You will recall that in correspondence between us in the autumn of 1981 in relation to the abortive Norwegian Bulk Carriers (UK) negotiations for an identical ship, we agreed that 23% could be offered from the H&W Intervention Fund without notification. This was mainly on the grounds first that under transitional arrangements between Fund tranches applied by both the Department of Industry and the Northern Ireland Department of Commerce, applications for Fund aid lodged before expiry of the previous tranche are honoured at the higher rate despite the fact that contracts were not finalised till after the date of change. The second reason was that the way in which transitional arrangements are handled is not the subject of Council Directives or of the Commission's approval to the use of the Intervention Fund and we agreed that such arrangements could be regarded as a matter for the discretion of the UK Government.

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H&W actually lodged a number of applications for aid at 23% prior to expiry of the last tranche. Adam Butler informed the company that we would permit only two - the abortive Norwegian Bulk Carriers order and the current BSC proposition. There is therefore no question of aid from the previous tranche of the Fund being offered on any further contracts. Your officials fully recognise that my proposals are in line with existing UK policy on transitional arrangements. They remain concerned however that this policy could be open to challenge if the Commission were to learn of the application of the higher rates several months after expiry of the last tranche. I agree that our policy on transitional arrangements is a grey area; while I still think we should not notify the Intervention Fund element of the BSC order terms, as a separate issue there may be a case for re-examination of the wider question of our general approach to transitional arrangements.

Shipbuilders Relief was authorised by the Commission's letter of 16 October 1979 approving the third tranche of the Fund, provided Shipbuilder's Relief plus Intervention Fund aid do not in aggregate exceed 25% of contract price. (Similarly the Commission raised no objection to Shipbuilders Relief at 2% under their approval to the fourth tranche). As my proposals meet the terms of this approval, there is no need for notification of the Shipbuilders Relief element.

I also wish to authorise the use of soft credit for the BSC order. The credit arrangements proposed depart in no way from the scheme E(EA) authorised in 1979 (E(EA)(79) 23rd meeting), and which has since been applied to contracts for both BS and H&W. In approving the scheme careful account was taken of its standing under Community law. It was concluded that soft credit was sensitive in the Community context and accordingly it was decided that the supplementation by the builder of normal officially-supported credit should be restricted to home-owners where there was no known or suspected Community competition and in even these cases not to notify. The soft credit proposals for the BSC order fully meet these criteria (in particular BSC have not sought competing tenders) and this is not in dispute between our officials. Your officials believe that the soft credit proposals are notifiable and they argue that the Commission could be expected to oppose them.

I do not wish to set aside the wider anxieties about the scheme and Patrick Jenkin may well wish to reconsider the question of its compatibility with our community obligations. Nevertheless I remain of the view that we should not notify in this instance because of the risk that notification of this case could expose the use of soft credit by both BS and H&W in the past, the critical importance of this order for H&W, as I have explained in my memorandum, and the limited risk of the terms of this order leaking to the Commission. In this connection I can assure you that there is little risk of the terms of this order being published. We have already taken steps to ensure that this is so on the H&W order, and I understand that BSC are also anxious for as little publicity as possible. The Commission is therefore unlikely to learn of the terms of the order.

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I hope that you will be able to agree that we can authorise the BSC order and aid levels without notification to the Commission. Perhaps I might repeat that I am fully conscious of the need to consider our international obligations in relation to each shipbuilding order and I shall be giving these full weight in all future cases.

I am copying this letter to the Prime Minister, other E(NI) colleagues, Sir Robert Armstrong and Mr Ibbs.

Yours sincerely
W. Shephard

Pp JAMES PRIOR
(Signed on behalf of the
Secretary of State
in his absence)

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

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

Secretary of State for Industry

7 July 1982

Rt Hon Douglas Hurd CBE MP
Minister of State for
Foreign & Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street SW1

Prime Minister

For information

A.F.C. 9/7

Dear Douglas

In his letter to Humphrey Atkins of 1 March, concerning the BSC order for Harland and Wolff, Jim Prior referred to the possible need to reconsider the use of soft credit in the context of our Community obligations. The suggestion was timely given the signs of a possible hardening of the Commission's attitude on the enforcement of Community competition rules. Departments have therefore considered the issue at official level and this letter takes into account the views expressed in these discussions.

2 Following consideration of this matter at E(EA)(79)23rd meeting BS and H&W were informed that we would be prepared to accept the use of soft credit, but that it should be used with discretion and should be restricted to established United Kingdom owners to obtain a limited number of large and particularly valuable orders. We made it clear that our agreement was subject to a number of conditions, in particular that soft credit should not be used where competition from another EEC yard was known or suspected. We knew at that time that the use of soft credit was open to challenge by the Commission, and that it could be held that, under Community rules, we were required to notify the practice formally to the Commission. In view of the possibility that the Commission would rule out the practice we decided not to notify but confirmed that the use of soft credit should be subjected to certain ground rules, whose object was to minimise the chances of the practice becoming widely known and to ensure that we could put a reasonable defence against any Community criticism. The Public Accounts Committee was, however, told in confidence.

In terms of Community Law there can be little doubt that the use of soft credit is notifiable. The argument for this is essentially that BS and H&W could not afford to offer soft credit to their customers if their losses were not financed by Government and that such Government finance could therefore be



held to distort or threaten to distort competition by favouring BS or H&W, thereby affecting trade between member states. It is very probable therefore that the European Court - if the issue ever came before it - would rule that the aids which make it possible to use soft credit were notifiable.

If the Commission were to be apprised of the practice and found that it was incompatible with Community rules it would be open to the Commission to require us to abolish or alter it and to refer the matter to the European Court of Justice if we failed to comply. Furthermore the Commission could require cancellation of commitments already entered into and repayment of past aid.

On policy grounds, however, there is a strong case against notification and there are arguments which could be used to justify non-notification to the Commission. Because of its lack of competitiveness H&W will continue to need soft credit as an aid to securing orders. BS stopped using soft credit in Spring of 1980 as the world market for ships improved, but it is a useful weapon for BS to keep in reserve given present deteriorating market conditions.

Although we have no firm evidence, it is very unlikely that amongst Community shipbuilders, BS & H&W are alone in using soft credit. The Commission have not so far initiated enquiries into member states' practices in this area, but they would almost certainly interpret notification by the UK as an admission that soft credit involved questionable use of Government aid and would feel bound to act. They could also ask embarrassing questions about our failure to notify at an earlier stage.

If we did not notify the use of soft credit the chances that the practice would be formally brought to the Commission's attention are small, given the ground rules we have established. In order to be sure that there is little risk of a complaint being brought to the Commission by an aggrieved competitor, we should have to be particularly careful about the absence of EEC competition. On a strict interpretation of the law, soft credit which depends on Government funding should be used only when there are no other Community yards capable of competing for the order concerned. It would not be practicable, however, to apply such a criterion because almost every type of vessel which the UK industry can build could also be built by some yard in another member state. But we should certainly, as we have done hitherto, try to avoid the use of soft credit where actual competition is known or suspected.

If the Commission were to have its attention drawn to the practice of soft credit we should have some arguments to deploy in justification of non-notification. We would argue that the Community rules in question apply to Governments and not to commercial undertakings and that BS and H&W, as with other such

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undertakings, should be free to offer credit on any terms they wish to their customers. We could also point out that the Commission had been notified of and approved the provision of Government finance to cover the trading losses of BS and H&W and that soft credit was only granted within the loss limits notified to the Commission. Losses due to soft credit are published in BS accounts and an accountant should be able to identify them as such. Moreover, BS are now close to breaking even. The Commission might not be won over by our arguments but they should be strong enough at least to persuade the Commission not to unpick past cases.

Given the sensitivity of the issue, however, I am sure that the ground rules we have laid down for the use of soft credit should continue to apply and that we should continue to be consulted on individual cases.

Many of the same considerations apply to the giving of guarantees by BS and H&W in respect of loans taken out by shipowners to finance the purchase of vessels. The Commission have not been notified of these guarantees and I do not think they should be. They are not part of the usual sales armoury of BS or H&W and the defence against any Commission criticism would turn on the fact that a private sector company would act in the same way. We could also point to the fact that the use of guarantees is rare - less than 1 per year since BS was formed.

I am copying this letter to E(NI) and OD(E) colleagues, Jim Prior and Sir Robert Armstrong.

Yours ever
*R
Pate*



ASAD

NBPM

EC(1)

MS 27/7

Foreign and Commonwealth Office

cc JV

London SW1A 2AH

14 July, 1982

From The Minister of State
Rt Hon Douglas Hurd CBE MP

Dear Patrick,

Thank you for your letter of 7 July about the use of soft credit and credit guarantees by British Shipbuilders and Harland and Wolff. I agree that the review of our practice in this field has been a timely one and it is most helpful to have the position set out so comprehensively in your letter.

I have no comments on your careful analysis other than to agree with your conclusion that the ground rules for the use of soft credit should continue to apply and that we should continue to be consulted about individual cases.

I am copying this letter to recipients of yours.

Rt Hon Patrick Jenkin MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON SW1

Yours,

Douglas



ds

Harland

cc	HMT	DOT
	DOE	D/Trans
	SO	CSO, HMT
	Industry	D/N
		D/M
		CO

10 DOWNING STREET

From the Private Secretary

26 April 1982

*cc: Mr. Ingham
Mr. Verelst*

Harland and Wolff Limited

Thank you for your letter of 23 April, to which you attached a draft Written Answer on the future funding arrangements for Harland and Wolff Limited.

The Prime Minister is content for you to proceed as your Secretary of State proposes.

I am copying this letter to the Private Secretaries to the Members of E(NI) and to David Wright (Cabinet Office).

M. C. SCHOLAR

Stephen Boys Smith, Esq.,
Northern Ireland Office.

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jc JV



Michael Scholar Esq
Private Secretary
10 Downing Street
LONDON
SW1

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

CE
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please show to
John [unclear]
before PAing
Yes
no

Prime Minister (1)
Agree this written statement?
Mus 23/4

23 April 1982

Dear Michael,

HARLAND AND WOLFF LIMITED

You will recall that at their meeting on 8 March (E(NI)(82) 2nd meeting) Ministers agreed to continue support for Harland and Wolff Limited (H&W), the Government-owned shipbuilders in Belfast, in 1982-83 and to approve the terms of an order from the British Steel Corporation.

BSC have now ratified the terms of the order as described to Ministers and the order was announced by H&W on 8 April. My Secretary of State now wishes to announce 1982-83 funding levels for the company, by means of a written answer to an arranged Parliamentary Question. The intention would be for this answer to be given on the same day as a Parliamentary statement is made on British Shipbuilders' EFL and loss limits in 1982-83. We should be grateful for the Prime Minister's agreement to the terms and timing of the attached draft announcement.

My Secretary of State intends to visit the shipyard shortly after the announcement and this would provide the opportunity to issue a robust press release exhorting the company to greater efforts towards improved efficiency and reduction of dependence on public funds.

There remains the pressing question of the identification of a replacement for the present Managing Director who has just announced his resignation at the end of May. Given the problems of recruiting high calibre management in Northern Ireland, my Secretary of State has asked for official support for the company in its search for suitable candidates. In the meantime the company, aided by independent consultants, is continuing its study of ways of improving efficiency and cost effectiveness.

I am copying this letter to Private Secretaries to other members of E(NI) and to David Wright (Cabinet Office).

Mon.
Stephen

S W BOYS SMITH

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LR.

DRAFT PARLIAMENTARY QUESTION

Q. Mr _____ to ask the Secretary of State for Northern Ireland if he will make a statement about the future funding arrangements for Harland and Wolff Limited.

A. The Government has decided to make £47.6m available for the continued support of Harland and Wolff Limited in the financial year 1982/83.

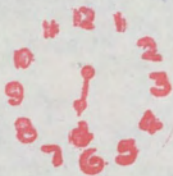
The Government has also authorised the Company to take an order for a 170,000 dwt bulk carrier for the British Steel Corporation, announced by H&W on 8 April.

In return the Company will take all steps necessary to reduce its operating costs and improve efficiency. It must also demonstrate that this continued level of support is justified by increasing competitiveness so that the heavy burden on public funds can be progressively reduced.

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From: THE PRIVATE SECRETARY

*cc. A. Duguid
A. Walker*



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

Not Incl.

cc. Mrs. Atkin

Mika MA

1 su no

Tim Lankester Esq
10 Downing Street
LONDON
SW1

*Attended in
his. App?
1 July 1981*

Dear Tim,

R.

HARLAND AND WOLFF: PUBLICATION OF ACCOUNTS

27

You will wish to be aware that the Harland and Wolff (H&W) Report and Accounts for the calendar year 1980 are to be published later this week and that they expose an overall loss for the year of £32m (compared with £43m in 1979), trading losses of £26.2m (from £24m in 1979) and a reduction in the value of work done from £67m in 1979 to £57m in 1980.

These losses are bound to attract adverse comment from the media and in Parliament, particularly in the light of last week's announcement of continued Government support for H&W in 1981/82 up to a limit of £56.9m (£46m from PES). These losses are very much what we were expecting and there has been no breach of the financing limits which the Government set for 1979/80 and 1980/81. However, they give added point to our current fundamental reconsideration of the Company's future strategy.

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how!*

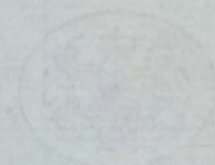
My Secretary of State proposes to advise H&W to publish their Report and Accounts on Friday 3 July, to place copies in the Library of the House (as is customary) and to authorise Mr Butler to issue the attached draft press release. I should be grateful to know whether you see any difficulties about this.

I am sending copies of this letter to Ian Ellison (Department of Industry), to the Private Secretaries to the other members of E(EA) and to David Wright (Cabinet Office).

*Yours sincerely,
Noel Cornick*

NOEL CORNICK

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DRAFT MINISTERIAL STATEMENT

The Minister responsible for the Department of Commerce,
Mr Butler, said that the Harland and Wolff results for 1950 were
undoubtedly disappointing. While he recognized the tough
conditions prevailing in the shipbuilding industry worldwide,
Mr Butler said that losses on such a scale should make both
workforce and management the more determined to improve
efficiency and working practices, and to cut all costs within
their control, in the realisation that the taxpayer will become
increasingly reluctant to foot such large bills in the future.



Northern Ireland Office

Great George Street, London., SW1P 3AJ
Telephone: Direct Dialling 01-233.....**4378**
Exchange 01-233 3000

Please attach to Noel Conide letter
to Tim Lankester dated 1 Jul 51
re Harland & Wolff: Publication
of Accounts.

With Compliments

and

Apologies for omission