

PRIME MINISTER

Miss Stephens.

R fix. Wm  
19/7

cc: Miss Stephens  
Mr. Gow

David Clark seeks a fourth closure meeting. His request is based on the announcement made by British Shipbuilders yesterday of 1,500 redundancies in their Tyne Shiprepair Group, and in their shiprepair yards at Grangemouth and Smith's Dock. A note on these redundancies is attached at A.

I know that you have said that you are always willing to see Members on closures, but you have already seen David Clark three times, and I am not sure that there is much you can say to him this time.

- Would you like me to commission from the Department of Industry a draft letter, setting out the rationale behind British Shipbuilders' decisions, and saying that you are not sure there would be much to be gained by a meeting?

or

- Do you wish to agree to see Dr. Clark again?

I cannot refuse  
Poulsen - MS.

Wm

John Butler.  
+ Norman Lambert.

X 4028

16 July, 1982

MFJ

*RM*

21 July 1982

Dr. Clark rang me last night to say that at the meeting next week he would be bringing up the suggestion of the shipyard in his constituency being allocated a naval ship for repair.

CS

Peter Mason Esq  
Department of Industry

*da*

File

DSB

20 July 1982

As promised, I enclose a copy of the letter which the Prime Minister has received from Dr. David Clark MP about further redundancies in his constituency.

Mr. Lamont has agreed to attend the meeting with Dr. Clark in the Prime Minister's Room at the House of Commons on Thursday 29 July at 1545 hours. Could your brief please reach us by close of play on Wednesday 28 July.

CS

Peter Mason, Esq.,  
Department of Industry.

DSB

Free

250

20 July 1982

I have left a message for you to call me at the House of Commons Message Board, but this letter confirms the meeting with the Prime Minister at 1545 hours on Thursday 29 July in her room at the House. Mr. Norman Lamont will be present at the meeting.

CS

Dr. David Clark, M.P.



PPS

Thursday 15. July. '82

Dear Prime Minister,

R16

I had hoped that I would not find myself in the position of writing to you again in this manner.

Earlier today British Shipbuilders announced the closing of the Tyne Shiprepair Group's activities in my constituency. Three Yards; Redheads, Bigham & Cowans and Middle Docks are to close.

It is ironic that recently they refitted HMS Fearless which was so vital in the Falkland War. The men understandably are somewhat bitter.

You already are aware of the  
unemployment position in South  
Shields - 28% Male unemployment.

The latest redundancies will push  
the figure up to 33%. I would  
be most grateful if you would  
grant me an interview yet again  
for little if anything transpired from  
our earlier conversations.

I look forward to your early  
reply.

Yours faithfully

David Clark



## NOTES ON SUPPLEMENTARIES

### SHIPREPAIR

Q: WILL THE PRIME MINISTER INSTRUCT BS NOT TO RESTRUCTURE ITS SHIPREPAIR ACTIVITIES TAKING INTO ACCOUNT BS'S STATUTORY DUTY TO HAVE REGARD TO THE REQUIREMENTS OF NATIONAL DEFENCE IN ALL ITS ACTIVITIES?

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A: No Sir. In the Government's view there are no Defence considerations which would warrant such action taking into account the capacity at the Royal Dockyards.

The Government supports the recommendation of the Industry and Trade Committee that BS should close or dispose of shiprepair interests which show no sign of becoming viable.

Q: WILL THE GOVERNMENT TAKE STEPS TO STOP UNFAIR COMPETITION FROM BS?

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A: The Chairman of BS regards the heavy losses in ship repair as unacceptable, and the steps announced today are evidence of his determination to bring BS's shiprepair activities into viability.

We do not wish to see the private sector ship repair undermined by a lossmaking public sector, and his determination to restore profitability is welcome.



## BACKGROUND

BS are due to declare today the following redundancies in ship repair

Tyne Shiprepair Group	1400
Grangemouth	40
Smith's Dock	100

2400 are currently employed at the Tyne Ship Repair Group, 150 at Grangemouth. Smith's Dock is a shipbuilding company which has been doing ship repair work. The reductions at Tyne Ship Repair Group do not involve the closure of the company.

The private sector has for a long time complained about unfair competition from BS, particularly from Tyne Ship Repair Group. The First Report of the Industry and Trade Committee 1981/82 on British Shipbuilders recommend BS to carry out their Chairman's intention of disposing of any company which continues to show no sign of viability and to desist from entering into lossmaking contracts on shiprepairing.

## Statutory Duty

BS have a statutory duty in carrying out its activities to have full regard to the requirements of National Defence.

BS consulted the Government and were informed that we saw no defence implications in the proposed rundown taking account of the capacity in the Royal Dockyards, and there was unlikely to be any significant temporary upsurge in work as merchant ships return from the Falklands.