



10 DOWNING STREET

THE PRIME MINISTER

21 July 1982

Ships
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Trade.*
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Dear Mr. Suis,

Thank you for your telegram of 25 June 1982 in which you urged me to instruct Cunard to purchase a British built ship to replace the lost Atlantic Conveyor.

I should first explain that the loss of the Atlantic Conveyor is not wholly related to the proposed new order. Before the Falklands conflict, Cunard together with their fellow shareholders in Atlantic Container Line comprising Swedish, Dutch, and French shipowners, was considering a modernisation plan which would replace six ships of which Atlantic Conveyor was one, with five more efficient ships. This order would have been placed even without the loss of the Atlantic Conveyor in the Falklands.

Naturally, like you, I prefer a situation where British shipowners buy British ships, where both the price and delivery dates can compete with those in the rest of the world. But I cannot instruct any UK shipowner to "buy British" and I have no powers to do so. British shipping itself is a very important
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industry and of great value to our country. Unless it can buy where it chooses, it will lose its competitive edge.

We are of course doing everything we can to help British shipbuilders to obtain the order. We appreciate very much the benefit shipbuilding orders bring to the steel industry. The Government provides substantial help to the shipbuilding industry through the Intervention Fund and the general financing of British shipbuilders. This support compares favourably with what other countries have been doing to support their industry. Since coming into office approaching £600 million has been provided through Public Dividend Capital, the Intervention Fund and the Shipbuilding Redundancy Payments Scheme to British Shipbuilders. I am glad to say that BS have made very substantial progress in cutting losses.

I am sure that Cunard would prefer to buy British but they have to take into account their need to be competitive and to secure the order British Shipbuilders will need to offer a competitive price and delivery.

W. Sirs, Esq., J.P.

Yours sincerely
Raymond Shilton
