



Prime Minister (2)

DEPARTMENT OF INDUSTRY
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From the
Minister of State
Norman Lamont MP

Do you wish to
see these monthly
reports?
MUS 15/10

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
Whitehall
London SW1

X This is a
constant charge.
You will
remember they
said they
couldn't - and
we won't -

13 October 1982

Dear Prime Minister

You asked me in your letter of 9 August to send you BS monthly profit and loss figures for shiprepair each month.

The position is as follows:

<u>Loss for August</u>	<u>Loss April-August</u>	<u>Forecast loss to end of year</u>
£598,000	£4.2 million	£6.2 million

accordingly,
Please follow
with
Norman
Lamont
MP.

The losses principally result from the position at Tyne Shiprepair and illustrate the reason why BS under pressure from us decided that a drastic cut back was necessary. You will recall from your meeting with Dr Clark the controversy that the announcement of BS's plans caused in an area which has been particularly hard hit by closures. Nevertheless BS are pressing ahead with 1,400 redundancies and about 1,000 men have already gone. BS after consultation with the unions have decided to retain one shiprepair yard at South Shields but Mr Atkinson has assured me that he expects that this can be made profitable once the restructuring exercise has been completed. We cannot expect while restructuring is going on that Tyne Shiprepair should make a dramatic recovery and traditionally the winter months in shiprepair are the most difficult. This is reflected in the overall loss forecast for the year. I shall be keeping a close watch for any divergence.

If the restructuring at Tyne Shiprepair is successful BS would expect that the shiprepair division as a whole will be running at a profit by the end of the year. The rest of the division in aggregate are now forecasting a profit for the year. The refits to the QE2 and the Canberra after their service in the South Atlantic have made a useful contribution.

X ||

COMMERCIAL IN CONFIDENCE



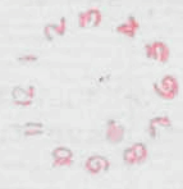
I have recently reminded Mr Atkinson very firmly again that the private shiprepair sector must not have grounds for complaint about BS's pricing policies, and he has assured me that this will be the case.

BS have taken some time to produce this first report. They have however undertaken to let me have future reports four weeks after the end of the month.

Yours in
Norman

NORMAN LAMONT

3 OCT 1982



CONGRUENT



file re: L. Gow

10 DOWNING STREET

From the Private Secretary

19 October 1982

The Prime Minister was grateful for your Minister's letter of 13 October which gave the BS monthly profit and loss figures for shiprepair.

The Prime Minister was astonished to read that BS, after consultation with the unions, have decided to retain one shiprepair yard at South Shields. She has commented that this is a complete change of course, and that in her meetings with Dr. David Clark she had said, on advice, that it would be impossible to retain this yard; and that she wrote in these terms to Dr. Clark.

I would be grateful if you could let me have a note on the reasons for this change of course.

M. C. SCHOLAR

John Alty, Esq.,
Department of Industry