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From the  
Minister of State

Norman Lamont MP

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Private Secretary to the  
Prime Minister  
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*Clearly their  
advice is just  
not reliable and we  
must be careful  
as such  
not*

Prime Minister

(2)

An apology to you from  
British Shipbuilders.

5 November 1982 Mus 5/11

Dear Michael

Thank you for your letter of 2 November about British Shipbuilders' decision to retain the Middle Dock at South Shields.

Mr Lamont saw Mr Atkinson yesterday. He told him of the Prime Minister's annoyance on hearing that BS had changed their minds about closing the Middle Dock. The Prime Minister had told Dr Clark, on advice from BS, that the decision to close was irreversible. The subsequent change of plan had therefore put her in a very difficult position and did not reflect well on BS's reliability.

Mr Atkinson said that BS were very sorry to have put the Prime Minister in such a position. The retention of the Middle Dock had been a commercial decision to facilitate the achievement of BS's target for the restructuring of shiprepair on the Tyne; there had been no change in the target. He asked Mr Lamont to tell the Prime Minister that the present restructuring of shiprepair on the Tyne, which was the second in two years, was not necessarily the final stage. Mr Lamont again stressed the need for BS to reduce its capacity in line with the market. Mr Atkinson said BS would be looking at the position again at the end of the year if the company's financial performance had not responded satisfactorily to restructuring by then.

Mr Lamont will be writing shortly to give details of the latest financial position in shiprepair.

We shall be providing advice on Mr Atkinson's letter of 28 October about depreciation allowances in due course.

Yours,  
John

JOHN ALTY  
Private Secretary

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