

MR. TURNBULL

SHIPBUILDING - EC NOTIFICATION OF UK SHIPBUILDING AID

Mr. Tebbit's minute of 22 December is potentially a very costly proposal which should not slip through as a minor tactic.

As to timing, there is no need to notify a specific figure to the EC now. Although the present regime of EC shipbuilding aids is due to expire at the end of January, we know (and Mr. Tebbit's paper confirms) that our application would not be processed before then.

In these circumstances we can and should review the British Shipbuilders and Harland Wolff corporate plans before notifying a specific aid figure for either. E(NI) was due to take these plans in mid-November, but there is now no date scheduled - an increasingly unsatisfactory state of affairs.

The amount of aid to be notified should derive directly from the strategy Government wishes to pursue towards merchant shipbuilding - and there are weighty issues at stake. Even though the aid does not have to be spent, a request for the approval of £120 million over two years sends a somewhat encouraging signal back to British Shipbuilders and Harland Wolff. Ahead of our reviewing the corporate plans, and with an all-out strike at British Shipbuilders pending, we should be doing no such thing.

We recommend: (i) that the Prime Minister should ask DTI and NIO to bring forward the British Shipbuilders and Harland and Wolff corporate plans to E(NI) as a matter of some urgency - preferably by mid-January; (ii) that in the meanwhile DTI advise the EC that formal notification of further aid to UK shipbuilding will be delayed until February.

Amend

[Handwritten signature]

ROBERT YOUNG
23 December 1983

Andrew - I have read all the DTI

papers. I really am appalled they should have been put to me in this form - all words and no much else