

23 December, 1983

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THE PRIME MINISTER

New The Thie.

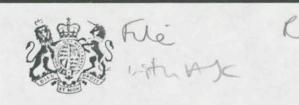
Thank you for your telemessage of 16 December about the problems facing Scott Lithgow and the possible impact on the Greenock and Port Glasgow areas.

10 DOWNING STREET

As you will know, matters have moved on since you wrote. Britoil have issued a notice of cancellation of the oil rig being built at Scott Lithgow. Scott Lithgow for its part has challenged the validity of the cancellation notice and is taking legal action.

But I cannot, I am afraid, accept that there is a case for Government intervention to retain this particular contract. As Norman Lamont set out in his statement to the House of Commons on Tuesday, 20 December, this is a commercial dispute between the two parties. The fact that one is a nationalised industry and that the other is 48 per cent Government owned is irrelevant. If we were to try to intervene, either to urge Britoil to withdraw its notice of cancellation or to urge BS to withdraw its writ and renegotiate the contract, we would be bound to prejudice the commercial and financial position of one party or another. The ground would be cut from under both managements' feet. It is precisely this sort of

/ill-thought



# 10 DOWNING STREET

From the Private Secretary

20 December, 1983

## SCOTT LITHGOW

The Prime Minister has received the attached telemessage from Mr. James Milne, General Secretary of the Scottish TUC, and the attached letters from the Moderator of the General Assembly of the Church of Scotland and Sir William Lithgow, all expressing concern about the possible closure of Scott Lithgow. I would be grateful if you would provide a draft reply for the Prime Minister to send to these communications. Since this issue is very topical, could this be done as soon as possible.

(A. Turnbull)

John Alty, Esq., Department of Trade and Industry

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16 Woodlands Terrace Glasgow G3 6DF

Ackd. 20/12

16 December 1983

TELEMESSAGE
MRS M THATCHER MP PRIME MINISTER
10 DOWNING STREET
LONDON
SW1

I URGE GOVERNMENT INTERVENTION TO RESOLVE THE DEADLOCK WHICH EXISTS BETWEEN BRITOIL AND BRITISH SHIPBUILDERS OVER THE CONTRACT AT SCOTT LITHGOWS. THE FUTURE OF THIS CONTRACT IS VITAL TO THE ENTIRE POPULATION OF INVERCLYDE BUT PERHAPS EVEN MORE IMPORTANT TO THE FUTURE REPUTATION OF BRITISH SHIPBUILDERS AND INDEED THE U.K. OFFSHORE SUPPLY INDUSTRY. IT IS NONSENCE TO SUGGEST THAT THE GOVERNMENT HAS NO ROLL IN NEGOTIATIONS BETWEEN A NATIONALISED INDUSTRY AND A COMPANY WHICH IS 48 PERCENT STATE OWNED IN AN INDUSTRY OF VITAL STRATEGIC IMPORTANCE TO BRITAIN.

JAMES MILNE. GENERAL SECRETARY STUC.

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