MO 26/3/3



NOPTY AT 20/1

PRIME MINISTER

## SCOTT LITHGOW

The Secretary of State for Scotland sent me a copy of his minute of 17th January to you setting out his proposals for a recovery initiative in the Inverclyde area.

2. I do not believe my Department can substantially assist in these proposals. As you know, our outstanding work with Scott Lithgow consists of the Seabed Operations Vessel HMS Challenger which is due for completion in August. Our preference has always been that if possible this vessel should be completed at Scott Lithgow and the British Shipbuilders proposed run-down plan suggests this will be effected satisfactorily. Looking ahead, if a 'phoenix' yard could offer some capacity for MOD work this would be helpful in a number of ways, including stimulating competition, but we do not believe it would be essential to our future warship construction or refit programme.

with

Ministry of Defence 24th January 1984

