

cc W/O MJ

CC MASTER SET
Aerospace File



10 DOWNING STREET

From the Private Secretary

24 January 1984

Dear David,

Barry Jones, M.P., saw the Prime Minister today to discuss the announcement by British Aerospace of 400 redundancies at their Broughton Works. Your Minister was also present.

Mr. Jones said that although there had been some good news for jobs in his area recently - the announcement by the Secretary of State for Wales of a new chemical plant in the Deeside Industrial Park was an example - such jobs were not coming in sufficient numbers to offset the losses over the last few years. The closure of the Shotton Works had been followed by the closure of the local office of the Welsh Water Authority and a power station. As a result there were 3,500 long term unemployed in his constituency of whom 1,000 had been unemployed for three years or more. The unemployment rate was about 20 per cent.

It was against this background that the decision as to whether or not to give launch aid to the A320 needed to be taken. Without launch aid there could be up to 9,000 redundancies nationally in British Aerospace, 1,000 or more of them out of a workforce of 4,300 at Broughton. Launch aid was also necessary if we were to preserve a civil aviation capacity within this country without which the market would be totally dominated by Boeing. The other partners in the A320 had been given launch aid. Mr. Jones went on that if launch aid were given for the A320 he hoped that a considerable part of the work resulting from the A320 should go to Broughton which had an impressive record of productivity and industrial relations. Moreover, Broughton currently provided a considerable number of apprenticeships without which skilled training in the area would be lost.

/The Prime Minister

The Prime Minister noted that the redundancies announced by British Aerospace were due to a slow down in work on the A310 for which the market had not been as great as had been hoped. The Government was considering its decision on launch aid for the A320 and a decision could be expected within the month. The Prime Minister said that she was anxious to retain for strategic reasons an aerospace capacity but the difficulty at present was that so many of the cost and revenue assumptions were "guesstimates". Mr. Butcher pointed out that no-one could yet be certain of the size of the market for the A320: if the expectations of British Aerospace were not fulfilled a substantial loss could be made. Nevertheless the Prime Minister said that she was aware of the very considerable interest in the A320 and British Aerospace had made their own position very clear. She noted however that were a decision on launch aid to be favourable she could not decide on the allocation of work within British Aerospace: that was a matter for the management. Concluding the meeting, she noted that Mr. Jones had handed in a petition some days previously and she would be replying to him as soon as possible.

BF. | I should be grateful for your advice on whether the Prime Minister ought to wait until a decision has been made on the A320 before replying to Mr. Jones or whether a brief interim reply noting the points that he raised would be preferable.

I am sending a copy of this to Colin Jones (Welsh Office).

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Am ever
Tim Flesher

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Dr. David Saunders
Department of Trade and Industry