

FILE
DA

PRIME MINISTER

HARLAND AND WOLFF PRIVATISATION

I mentioned to you at the weekend the possibility of a successful outcome to the negotiations to privatise Harland and Wolff.

Tom King's minute of this evening (attached) confirms this, and seeks your agreement to the proposed terms of a sale to the MEBO/Fred Olsen consortium. The terms are not ideal, with in particular some degree of open commitment on SWOPS. But in all the circumstances it is an extremely good outcome:

- a net cost of £231 million within the cost of closure;
- preservation of the majority of the existing jobs;
- costs being contained within the existing provision in the Northern Ireland block, subject to a possible small bid on the Reserve in 1990-91.

Although John Major has not seen the precise terms of Tom King's minute, the Treasury has been closely involved both in the negotiations themselves and the drafting of the document, and John Major has signed up to the key elements of the deal. George Guise has also been briefed in detail on the proposals, and is content with them.

Content to agree the proposed privatisation terms?

Paul Gray
J (PAUL GRAY) *John Clerk.*

20 March 1989