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NBPM

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MR TURNBULL

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TYPE 22 FRIGATES

A decision should be taken soon on Type 22 Frigates. Michael Heseltine would like to give one of the two orders as a sop to Cammell Laird (CL). Partly because it is in Merseyside and partly because of the return to work committee. This makes no sense, either commercially or industrially. CL put in the highest bid; giving both orders to the lowest bidder Swan Hunter (SH) will save £6 million on a total cost of £140 million.

There are some 1,700 jobs at stake at CL. In the last month we have announced over 2,000 redundancies at SH. Both are in employment black spots. The difference is that SH men have not been out on strike whereas at CL they have been, but ultimately returned.

It would be perverse logic to reward the Birkenhead workers who only overthrew the militants once they had been taken off to gaol, at the expense of the Tyneside workers who have rejected them from the start. It could be interpreted as proving that the sit-in on HMS Edinburgh was worthwhile.

Defence competitiveness will not be helped. It will be another mouth for MOD to feed and another set of overheads to be carried. Competition will be increased - but for MOD subsidy rather than price. The way to improve procurement efficiency is to have fewer yards with more chance of being commercial and therefore more likely to compete on cost.

Worse, to share the two frigate orders between CL and SH will give each the worst of both worlds. SH will have inadequate business to make it a really viable privatisation proposition whilst CL will have one peak of work then nothing. Indeed, because the workforce could use the

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frigate as a hostage, it may make CL harder to sell rather than easier.

Commercial work is not an alternative. There is already too little of this to go round the commercial yards let alone the defence ones, and the policy is to separate the two types of work. The SH redundancies are a result of giving up commercial work.

All hope for CL is not lost. There are prospective buyers on the horizon. Failing this there are several submarines to be purchased over the next few years, one of which could go to CL who build them. [Not a good option but less bad than a T22]. Alternatively, if no buyer is found, the yard could still be linked with Vickers at Barrow that will apparently have capacity problems when the Trident programme starts.

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