



Ref. A085/315

PRIME MINISTER

Orders for Frigates

The Cabinet minutes of last Thursday's discussion of Type 22 frigates (CC(85) 3rd Conclusions, Minute 6), as circulated, merely say that the Cabinet agreed to resume their discussion of this matter at the earliest opportunity. We shall need to record in this week's minutes:

FLAS A

- (i) that a solution to the problem of finding sufficient work for Cammell Laird without unreasonable detriment to Swan Hunter, and to the overall financial position of British Shipbuilders (BS), was subsequently devised by the Ministers most closely concerned;
- (ii) that the proposal was, on your instructions, circulated to members of the Cabinet under cover of a minute to the Lord Chancellor from the Secretary of the Cabinet dated 25 January.
- (iii) that the Cabinet approved the proposal subject to a qualification by the Chancellor of the Exchequer (his Private Secretary's letter of 28 January) that the extent of any further increase to the External Financing Limit of BS which might be necessary to take account of adverse effects on the Yarrow privatisation should be considered later when the outcome of the sale was known;
- (iv) that the Secretary of State for Defence made an announcement about the orders for frigates in an oral statement in the House of Commons on 28 January.

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2. You will wish to make a brief oral report on these developments, so that the story can be properly rounded off in the Cabinet minutes.

RA

ROBERT ARMSTRONG

29 January 1985

CONQUEROR