



HOUSE OF COMMONS
LONDON SW1A 0AA

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
LONDON SW1 0AA.

20th March, 1986.

Dear Prime Minister,

We write to you to express our concern over the placement of the order for the first-class Auxiliary Oil ~~er~~ Replenishment vessel. We understand that it is likely that the order will be placed with Harland & Wolff in Belfast rather than with Swan Hunter Shipbuilders on the Tyne.

The possible loss of 2,000 jobs at Swan Hunters, including those of the design team upon which the future prospects of the yards as anything but follow-on builders rely, would be a grievous blow to the shipbuilding industry in the North-East. At Swan Hunters during 1985, we have seen the loss of some 2,800 jobs. The loss of this order would mean the shedding of nearly half the remaining workforce. You are no doubt as aware as we are of the already very high rate of unemployment on Tyneside. The recent problems with the workforce were, we believe, precipitated by the uncertainty about the future, and we have been using our influence to bring the relatively minor action to a halt.

We support the concept of competition in warship building if it is free and fair. We find it difficult to accept that the State owned Harland and Wolff represents such free and fair competition in this case. That Company would be re-entering the warship design and build market after an absence of some twenty years, bringing with it a background of considerable State subsidy which we believe could amount to as much as £10,000 per man per year. Swan Hunters on the other hand, do not have access to intervention funding and interest free unsecured loans, and as a pre-condition of privatisation, left the merchant shipbuilding market.

We understand it is the intention of the Management of Swan Hunter Shipbuilders to pursue vigorously opportunities overseas, and that they have already visited Africa, America and India in pursuit of potential orders. However, unless they maintain their advanced design facilities, they will be unable to take on the overseas competition and therefore will remain tied to a single U.K. customer, if the private company is to succeed, it is totally at the mercy of this single order.

It is vital to Swan Hunter, their workforce, the network of small businesses in the North-East who depend on them and the people of Tyneside that

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Swan Hunter secure the order for the first AOR.

We would request your support for the continuation of an effective war shipbuilding industry on the Tyne.

Yours sincerely,

Ired Garrett M.P.

Wallsend constituency

c.c. Rt. Hon. George Younger
Rt. Hon. Paul Channon
Rt. Hon. John MacGregor