

Mr. K. Wilson
Taken. As I indicated this
morning DTI are apparently
now contemplating a Sunderland
statement on 3 May, to
Ref No E 0546, May
MR WILSON be writing
✓ and. Update
happens on that I agree we
should have a meeting on
10 May. 26/6 1974

Mr Gray. I too think we
should stick to 10 May for
CONFIDENTIAL shipbuilding in E(A) unless
Mr Clarke objects strongly. As of last night,
he was undecided. cc Mr Neilson

Shipbuilding

26/4.

I had another talk with Mr Coates of DTI about latest develop-
ments.

2. He said that on present prospects Sunderland would not become
critical before 5 May. That is the date by which Johanssen has to
make a payment of £300,000. DTI think he will but if he does not
they have in mind a 'low key' written answer on that day with a
comprehensive statement about BS in the following week. I wonder
if they would be able to wait as long as that once the contract
was clearly broken.

3. Negotiations with Kvaerner will not resume until 16/17 May.
There are also signs of difficulties with the Commission about the
dowry. The disagreement between the Treasury and DTI about
funding of the dowry continues. It seems to have caused a good
deal of bad feeling.

4. As to Harlands, DTI think that it would be unwise to try to
get Mr King in the bag too soon. He will only say that he has not
yet been able to examine properly, and be seen to examine
properly, the Tikkoo order.

5. Mr Coates' clear preference is to put off the discussion by a
couple of weeks. He says that he is not opposed to a meeting on
10 May and accepts that it could be useful for resolving the
argument about the funding of the dowry. But he is afraid that a
second meeting would be necessary not long afterwards.

6. My instinct is that we should keep to the target of 10 May.
This is mainly on the general ground that it is right for
Ministers to discuss an uncertain and fast-moving situation

CONFIDENTIAL

CONFIDENTIAL

regularly, even though any particular date for a discussion is inevitably arbitrary. The argument for delay in pursuing Mr King has some substance, but there is a contrary argument that the longer expectations at Harlands are allowed to build up the harder it will be to close the yard. The story on Sunderland changes every time we ask, but if the contract might be broken on 5 May and DTI are right in thinking that a full statement could wait till the following week, an E(A) on 10 May and Cabinet on 12 May would fit in well. Finally, the Treasury would be unhappy about delay beyond 10 May.

7. On the other hand, it is difficult for an outsider to judge how the various negotiations might go and we ought to place some weight on the judgment of the responsible Department. If Mr Clarke presses hard to postpone the meeting it would be hard to resist.

8. My conclusion is that Mr Gray might tell DTI that the Prime Minister would like to discuss shipbuilding on 10 May. We should then see what Mr Clarke has to say but if he is strongly of the view that it would be unwise or a waste of time, we should be prepared to reconsider.



G W MONGER

Economic Secretariat

26 April 1988

CONFIDENTIAL