

PRIME MINISTER

BRITISH SHIPBUILDERS

The attached minute from Mr Clarke, received this evening, proposes a statement on Sunderland on 3 May.

The timing of this proposal is irritating. We have been pressing DTI in recent days to prepare papers on the whole range of shipbuilding issues for a meeting of E(A) on 10 May. They have been saying they need more time. Now suddenly Mr Clarke has reverted to his tactic of wanting to make a further statement about just one part of the overall picture.

An early partial statement would still leave unresolved:

- (i) how the package for Sunderland relates to the other BS yards, Harland and Wolff, and intervention support for private sector yards;
- (ii) where the money for the Sunderland assistance package comes from - the Treasury and DTI are deadlocked on whether DTI should make a contribution from their existing provision.

Against that there are circumstances in which an urgent statement on Sunderland could not be avoided. But paragraph 5 of the minute does not persuade me we are there yet.

So I recommend that you respond on the lines:

- (i) no statement on 3 May;
- (ii) full papers on all the outstanding issues for E(A) on 10 May;

(iii) meantime, the DTI and Treasury to sort out their argument about the financing of the Sunderland package.

Content?

I don't see any need to make a statement until we are clearer about the contract, and we have the money

PRCG.

PAUL GRAY
28 April 1988

position sorted out. Things are much more difficult now on the money front than they were when we dismissed matters a short time ago.

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