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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

until PG 3

I have seen Kenneth Clarke's minute to you of 28 April, and the draft statement he proposes to make next Tuesday.

I agree with Kenneth that we should make public as soon as possible our intention to run-down the Sunderland yards. There is no prospect of maintaining them without continuing - and excessively costly - Government support. Before a further announcement is made, however, I think we should have an early discussion, as agreed at your meeting on 18 April, to agree our policy on the future of British Shipbuilders as a whole. The announcement could then make clear what that policy is. Otherwise we may appear simply to be reacting in a piecemeal fashion to events as they occur.

I continue to endorse the proposals made in Kenneth Clarke's minute to you of 18 April. Our policy in relation to the Corporation must be to encourage private sector purchasers for as many of the facilities as possible; but to agree that there should be no more support for new orders in any yards remaining in BS hands. We have to grasp the nettle sooner or later and make this basic principle of our policy known publicly.

Some specific points will need to be sorted out before an announcement is made.

We need to clarify what should be said about the timing of the withdrawal of support, for those yards where private sector interest has been expressed.



John Major is writing separately about financing to Kenneth Clarke.

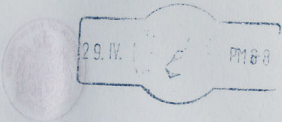
A statement on BS obviously raises questions about the position at Harlands. We may need to reserve our position on that until costings for the cruise ship are available. But I certainly see no reason for delaying an announcement on BS until all uncertainties at Harlands (and other yards) are resolved.

I am copying this minute to Kenneth Clarke, David Young, Malcolm Rifkind, Tom King, Nicholas Ridley and to Sir Robin Butler.

John Major

pp. [N.L.]
29 April 1988

[Approved by the Chancellor
and signed in his absence]



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at Harland. We may need to reserve our position on that and
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I am copying this minute to Kenneth Clarke, David Young,
Malcolm Rifkind, Tom King, Nicholas Ridley and
Sir Robin Butler.

Handwritten:
L.A.1
25 April 1988

Handwritten:
Approved by the Committee
This signed in his absence