

PA

PRIME MINISTER

SHIPBUILDING: MEETING OF E(A): 10 MAY

You will recall Mr Clarke wanted to make another partial statement a week ago. You resisted this and called for all the outstanding issues to be brought to E(A).

This requires papers both from Mr Clarke and, on Harland and Wolff, from Mr King. Irritatingly, Mr King said this afternoon he could not circulate his paper before the weekend. I have made clear to his office that you will be unhappy about this; hopefully, we will have it after the weekend so that you are able to look at it on Monday night.

Meantime, the papers we have are:

Flag A - Cabinet Office briefing;

Flag B - Mr Clarke's paper, in which he advocates an early announcement ending intervention support for public sector yards in Great Britain and at Harland and Wolff;

Flag C - Correspondence between the Chief Secretary and Mr Clarke, indicating they are getting closer to an agreement on the financing of a package for Sunderland;

Flag D - A note by George Guise strongly supporting making an early announcement terminating Government subsidies at all State-owned yards.

It will be difficult to reach agreement at the meeting. As far as British Shipbuilders is concerned, Mr Rifkind is still

likely to have worries about Mr Clarke's approach. And Mr King will resist closure of Harland and Wolff arguing, as a minimum, that the Tikkoo proposal must be carefully looked at. Paragraphs 14-15 of the Cabinet Office note set out a number of options for handling these differences of view.

Rec.

PAUL GRAY
6 May 1988

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