

The Rt. Hon. Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

Rt Hon John Major MP
Chief Secretary
HM Treasury
Treasury Chambers
LONDON
SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 18 May 1988

1. Mr. Adhisa - to see
2. NBPm - p.c.

Recd
18/5

Dear Minister,

BRITISH SHIPBUILDERS

On Thursday we have a Shipbuilding Debate in the Commons.

We may well be asked during the course of the Debate, or in subsequent correspondence, what assurances can be given on BS liabilities. In particular Trafalgar House, who have already sought assurances in connection with their £186 million writ on British Shipbuilders, may press for a clearer line than my officials have so far given. Barclays have now required assurances through Anthony Grant in respect of a British Shipbuilders Guarantee which they hold as security. I would propose the following answer:

"Subject to Parliament's approving any necessary provisions, I propose to continue to make adequate funds available to enable the Corporation to meet its financial obligations. I shall lay a Minute before the House as appropriate for an assurance of this kind."

If the issue does not come up in the Debate, I may at a later stage have to give assurances that require a Minute.



the department for Enterprise

While my officials have cleared this text with yours, you and other E(NI) colleagues will clearly wish to be aware of what I propose because of the relevance of these assurances to nationalised industries in general. I do not think, however, that I am breaking new ground. The form of words in the supplementary is based, for instance, on that used in the British Coal accounts so that they can be signed off on a going concern basis year by year.

I am sending copies to our colleagues in E(NI), and to Sir Robin Butler.

Yours sincerely

Nick Mitchell.

PP KENNETH CLARKE

*(Approved by the Chancellor
and signed in his absence)*

67

Department of Energy



While my officials have cleared this text with you, and other (SNI) colleagues will clearly wish to be aware of the progress because of the relevance of these assurances to nationalised industries in general. I do not think, however, that I am breaking new ground. The form of words in the supplementary is based, for instance, on that used in the British Coal accounts so that they can be signed off on a going concern basis year by year.

I am sending copies to our colleagues in (SNI), and to Sir Robin Butler.

Yours sincerely,

Nick Mitchell

RENEWABLE CLARENCE 69

(Approved by the Chancellor and signed in his absence)