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the department for Enterprise

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SECRET

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
Parliament Street
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 31 May 1988

Dear John,

BRITISH SHIPBUILDERS: FINANCING REMEDIAL MEASURES

Thank you for your letter of 17 May.

I am sorry you are not able to proceed on the basis I had thought we had agreed for 1988-89. In view of the reduced level of expenditure now expected for that year - and the figures may be even lower than those mentioned in your minute - I can reluctantly agree to contribute to some enterprise measures in addition to advance factory provision, so long as Malcolm Rifkind is prepared to do the same for measures for Scotland. However it is essential that I should have a cash ceiling for my Department's contribution, and that any excess should be met from the Reserve. In view of the prospects of reducing the scale of expenditure in 1988-89 from that previously forecast, I propose that the ceiling on my Department's contribution should be set at £4 million.

I am sending copies of this letter to the Prime Minister, David Young, Malcolm Rifkind, Tom King and Nicholas Ridley, and to Sir Robin Butler.



KENNETH CLARKE

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The M.

BRITISH SHIPBUILDERS' ASSOCIATION
Yours for your better of 17 May.