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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
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NBM

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13/6

22 June 1988

Dear John

BRITISH SHIPBUILDERS

I have seen a copy of Kenneth Clarke's letter of 21 June seeking your agreement to the terms for disposal of Govan Shipbuilders to Kvaerner Industries.

I think it is a creditable achievement to have reached a position where disposal is possible, and though the cost is clearly high it remains less than closure cost, and is within the limits we agreed as acceptable in the spring. As a result, we shall continue to have a working shipyard with a substantial workforce in an area of continuing high relative unemployment for the foreseeable future at less cost than any of the alternatives, with the added prospect of new high technology development. I recognise Kenneth's views on Intervention Fund, but we may look forward, as he indicates, to reductions in the European ceiling of support, and I would not regard this concession as one which need cause concern.

I very much support Kenneth's proposals, and I would urge you to agree as quickly as possible.

Copies of this letter go to the Prime Minister, Nigel Lawson, George Younger, Tom King and Kenneth Clarke and to Sir Robin Butler.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

