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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Clarke QC MP
 Chancellor of the Duchy of Lancaster
 Department of Trade and Industry
 1 - 19 Victoria Street
 London
 SW1H 0ET

MBP

ALG

v/7

21 July 1988

Dear Chancellor of the Duchy

BRITISH SHIPBUILDERS

Thank you for copying to me your minute of 18 July to the Prime Minister. ✓ flap

With NESL, as with the other BS facilities, it will be important for bidders to appreciate that if a disposal deal cannot be done on a basis with acceptable costs, then there will be closures. There should be no expectation that we are going to privatise at any price. This may indeed make the prospects for NESL less than encouraging, but I agree that it will be helpful to expedite matters thereby announcing a deadline in September for bids.

I am sure that you are right to refuse to countenance support for BS to take the Cuban order.

On remedial measures, we have as your minute notes agreed on funding for the current year only in Sunderland. I can agree to your proposed statement only on the understanding that nothing will be said which would prejudge the outcome of discussions on future years in the current Public Expenditure Survey.

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

Yours sincerely
 C Evans

JOHN MAJOR

(Approved by the Chief Secretary
 and signed in his absence)

NAT. IND. Shipbuilding Pt. 14

