

CONFIDENTIAL



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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Antony Newton OBE MP  
Chancellor of the Duchy of Lancaster  
Department of Trade & Industry  
1-19 Victoria Street  
LONDON SW1H 0ET

22 August 1988

Dear Chancellor of the Duchy

BRITISH SHIPBUILDERS

Thank you for your letter of 19 August.

2. I note British Shipbuilders' proposal to announce next Tuesday 1,000 redundancies at the Sunderland yards, and the cancellation of all the remaining Danish ferry contracts. I agree with your conclusion that it is right that these redundancies should be announced now, since employment at the yards would have to be greatly reduced even if a private sector purchaser came forward. I agree with you, however, that closure must be the most likely option, and I note that a considerable expectation of this now exists in the North East.

3. I am content with the terms of the draft press notice enclosed with your letter, subject to deleting the last two sentences of the penultimate paragraph, and replacing them as follows:

"I should make clear that these arrangements are in response to the difficult decisions the Corporation has announced today, and do not constitute the whole package of measures promised in the House on 21 July by my predecessor if none of the bidders for NESL were successful and the yard had to close".

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

Yours sincerely  
Kim Elliman

for PETER BROOKE  
[approved by the Minister,  
& signed in his absence]