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the department for Enterprise

CONFIDENTIAL *cc PU*

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Chancellor of the Duchy of Lancaster and
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Our ref

Your ref

Date 23 September 1988

Dear Chief Secretary,

BRITISH SHIPBUILDERS: CLARK KINCAID

Thank you for your *file with DM* letter of 22 September.

Although the assurances you ask for may give rise to difficulties in the negotiations for the disposal of Clark Kincaid and other facilities, I am prepared to give them since we have no further opportunity for debate before the engine order has to be placed.

I have today approved John Lister's nomination of the Management Buy Out team as preferred bidder for Clark Kincaid.

You asked for disposal or closure costs for the various BS facilities to fall this year rather than next. I hope to be able to make recommendations about the future of North East Shipbuilders later next month. BS plan to invite bids for Ferguson by 14 October but, if no satisfactory bidder is found, some closure costs are bound to fall in 1989/90 since the present workload will not be completed until then.

I am sending copies of this letter to the Prime Minister, and Malcolm Rifkind and to Sir Robin Butler.

Yours sincerely,
Rinda Joyce

PP TONY NEWTON

SE2ADC

Approved by the Chancellor and
signed in his absence).

NAT no: Shipbuilding
PT 14

