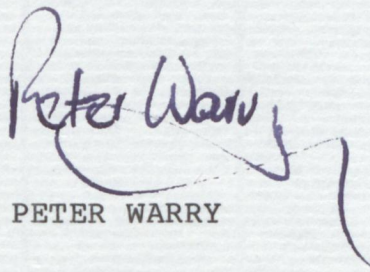


PRIME MINISTER7 May 1986BRITISH SHIPBUILDERS

With privatisation of the warshipyards completed, BS currently employs some 10,000 people in their merchant yards and engine works. The BS preferred scenario is now to slim down to 6,200 people during the course of the year - 2,500 jobs going through yard closures, and the residue by reducing employment at the remaining yards to 'core' levels. This is sure to create both a political and a trade union row. The attachment lists all BS's yards, their manpower and the local unemployment rates.

Even the BS preferred scenario is optimistic because if all of the orders from China, Cuba and Denmark were secured BS would still need to continue with the planned closures. There is little hope of finding (or buying) extra work in the short term. The BS-designed unarmed AOR (the Fleet Support King) would help Govan and Sunderland in the longer term but not other yards.

Keeping yards open in the hope of future orders can only undermine BS's efficiency and therefore their ability to secure such orders. We recommend that the BS proposals be accepted and that David Young comes forward urgently with his measures to help support the North East.

  
PETER WARRY



BRITISH SHIPBUILDERS MANPOWER

| <u>OKAY</u>               | <u>Location</u>  | <u>Jobs</u>  | <u>Unemploy-<br/>ment rate</u> |
|---------------------------|------------------|--------------|--------------------------------|
| Sunderland Shipbuilders   | Sunderland       | 1855         | 22%                            |
| Sunderland Forge Services | Sunderland       | 311          | 22%                            |
| Govan                     | Clyde            | 2348         | 18%                            |
| Appledore                 | Devon            | 650          | 20%                            |
| Clarke Kincaid (engines)  | Greenock         | 536          | 22%                            |
| <br><u>UNDER THREAT</u>   |                  |              |                                |
| Austin & Pickersgill      | Sunderland       | 1238         | 22%                            |
| Ferguson                  | Port Glasgow     | 420          | 22%                            |
| <br><u>CLOSING</u>        |                  |              |                                |
| Smiths Dock               | Middlesbrough    | 1472         | 23%                            |
| Ferguson Ailsa            | Troon            | 378          | 15%                            |
| Wallsend (engines)        | Newcastle        | 415          | 19%                            |
|                           | Support Services | 200          |                                |
|                           | BS Staff         | <u>187</u>   |                                |
|                           | TOTAL            | <u>10010</u> |                                |



Proposals for North East Package

| <u>Measure</u>  | <u>Extra Cost</u> | £ million<br>(1986-87) |
|---|-------------------|------------------------|
| More derelict land reclamation  | 6.0               |                        |
| Extra Urban Programme Projects  | 7.0               |                        |
| 'Gearing up' existing MSC services                                      | -                 |                        |
| New 'Enterprise Corporation' to be established by British Shipbuilders  | ?                 |                        |
| New Community Programme measures to increase private sector involvement | ?                 |                        |
| More resources for adult training                                       | ?                 |                        |

NB Package to be coordinated through present City Action Team mechanism.

Coal

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Oil rig.

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