

PRIME MINISTER

7 July 1986

MEETING WITH SIR EDWARD DU CANN

It may be worth defining the common ground and then exploring the essential difference between the Government's merchant shipping policy and that recommended by Sir Edward and his all-party Parliamentary Group.

Of course the Government accepts the need to make adequate practical provisions to support our defence capability with ready access to the right merchant ships. The key question is whether this necessarily requires a substantial fleet of British-registered merchant ships manned by British crews - and subsidised to compensate British ship owners for going beyond their normal commercial interests.

Left to their own commercial instincts, our private sector ship owners - ever an enterprising, profit-conscious lot - have made an impressive job of coping with the difficulties of huge world surpluses of many types of shipping capacity. They have scrapped or sold capacity in areas offering little long-term prospect of a return to profitability. Some have transferred their ships to foreign flags so as to make considerable cost savings from employing foreign crews. British shipowners have concentrated on the relatively more rewarding specialised outlets for their skills and enterprise. Some, like P&O and Trafalgar House, still see ships as a profitable core business. Indicative of this, P&O

recently offered nearly £150 million to increase its holding in Overseas Containers (OCL) from 47% to 100%. Last year, OCL made record pre-tax profits of £70 million.

While anxious to support British shipowners in fair competition with their foreign counterparts, the Government remains convinced that blanket subsidies would not be conducive to a healthy commercial response to change.

How then should we meet our defence requirements:

- firstly, by establishing how much of the shortfall of specific types of vessel can be made up through NATO pooling arrangements or secure arrangements with British owners of ships (eg oil companies like BP) using foreign flags and foreign crews;
- secondly, by tendering competitively for the provision of back-up support from specific types of ship manned by British crews.

Possible areas for useful discussion

What handicaps against fair competition between British ships and foreign competition might justifiably be reduced or removed:

- Port dues (CF Antwerp and Rotterdam)?



*Rec'd Y/L
cc Prof Griffiths*

10 DOWNING STREET

From the Private Secretary

30 June 1986

MEETING WITH SIR EDWARD DU CANN

Sir Edward du Cann, as you know, asked the Prime Minister if she would receive an All-Party Parliamentary Maritime Group. The Prime Minister refused. Sir Edward has, however, asked to see the Prime Minister on his own before any meeting with your Secretary of State and the Prime Minister agreed to do so. The meeting is scheduled for Tuesday 8 July at 1615. I should be grateful if you could provide briefing please by 7 July.

Could the Treasury also please provide briefing on the question of Sir Gordon Downey's salary in case Sir Edward du Cann mentions this.

I am copying this letter to Michael Gilbertson (Department of Trade and Industry) and Tony Kuczys (H.M. Treasury).

DA

DAVID NORGROVE

Richard Allan, Esq.,
Department of Transport.

PRIME MINISTER

MEETING WITH SIR EDWARD DU CANN

You have agreed to see Sir Edward du Cann having refused to see him with the All-Party Parliamentary Maritime Group. He asked to see you before any meeting with John Moore.

You mentioned that you thought Sir Edward would wish to talk about other matters as well as shipping.

But would you like John Moore to be present at the meeting?

No

-you will -

Richard Nixon

DLN

D.N.

25 June 1986

SLH/35



10 DOWNING STREET

23rd June, 1986

Dear Edward,

I am delighted to confirm that the Prime Minister is looking forward to seeing you in her room at the House of Commons on Tuesday, 8th July at 4.15pm.

Yours ever
Michael

MICHAEL ALISON

The Rt Hon Sir Edward du Cann KBE MP

PRIME MINISTER

EDWARD DU CANN

You will recall that Sir Edward du Cann asked if you would receive the All Party Parliamentary Maritime Group. You steered him in the direction of John Moore saying that you did not normally receive All Party groups but holding out the possibility of his meeting with you subsequently. He has now returned to the charge and asked for a meeting with you just for him before any meeting with John Moore. In view of this I imagine that you will want to agree. But in view of the state of the diary I suggest that we offer him a time in mid-July.

Agree to offer a meeting on this basis?

Handwritten initials

Handwritten signature

TF

219 3442

19 June 1986

Tuesday 8th July
4.15pm



10 DOWNING STREET

19th June, 1986

Dear Edward,

Thank you for your letter of 9th June to the Prime Minister, in which you ask for a date to come see the Prime Minister about matters of concern to the Parliamentary Maritime Group.

I shall be in touch with you again shortly.

*Yours ever
Michael*

MICHAEL ALISON

The Rt Hon Sir Edward du Cann KBE MP

From the Rt Hon Sir Edward du Cann, KBE, MP



HOUSE OF COMMONS
LONDON SW1A 0AA

POLITICAL?

R10/6 PPS

9th June 1986

Rt Hon Margaret

Thank you for your letter about the Parliamentary Maritime Group.

I have talked to my colleagues and to Jim Callaghan and David Owen in particular (they were joint founders with me of the Group, as I think you will know) and we feel perhaps the best thing would be if I were to come and see you on my own in the first instance on behalf of the Group.

Could your office please let me have a date?

*Yours
Edward*

The Rt Hon Mrs Margaret Thatcher, M.P.
10 Downing Street
S W 1

P.S. Your letter refers to "American shipping". Of course the purpose of the meeting would be to discuss British Merchant shipping.