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Mr. Russell

① Sir Ewart  
② c Dr. Quigley  
③ Miss Davis  
v/p/HH3/2

NOTE OF A MEETING BETWEEN THE SECRETARY OF STATE AND MPs IN NIO(L) ON 17 FEBRUARY 1982 ABOUT HARLAND AND WOLFF

Present:	Secretary of State	Mr J Molyneaux
	Mr Burns	Mr D Concannon
	Mr Spence	Mr S Ross
	Miss Christopherson	Mr P Robinson
	Mr Hopkins	Mr J Kilfedder
		Mr J Dunlop
		Lord Blease

Mr Robinson opened by pointing out that the news about 'the kernel of Northern Ireland industry' seemed to get worse every day and said that the delegation hoped to hear, in confidence, that help was on the way in the form of new orders. The CSEU had asked Members to maintain pressure on the Government, particularly over the possible British Steel and US Lines orders and the Swan Hunter engine order. The jobs of the 1,000 about to be made redundant had to be saved.

2. Mr Concannon said that one of the many irritants over H&W's position was that British Shipbuilders seemed to be prospering and indeed could not take all the orders open to them but little if any work, on engines for example, was ever passed on to H&W. Morale was hit all the more by stories of lost orders, including the latest débacle over the P&O Ferry. Mr Kilfedder endorsed the latter point and added that 1,000 redundancies would completely debilitate the yard.

3. Mr Molyneaux suggested that the H&W's management team were damaging their own prospects by only considering the construction of large, simple bulk carriers. They would not accept orders for warships of any type or of passenger ships. Mr Dunlop said that the Canberra had been an impressive ferry and that H&W had recently coped with British Rail's order so wondered why ferry orders were now being rejected.

4. Speaking in confidence to the delegation, the Secretary of State said that he did not have much faith in the present management team who did seem to be over-selective - they had apparently expressed doubts about H&W's ability to build the US Lines carriers for example.

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However it had to be recognised that the yard had restricted skills and their track record was not impressive. The delivery of the BR ferries had been subject to serious delay and the yard was not up to the construction of the P&O cruise ship. As for bulk carriers, orders for at least 2.8 ships a year were required and the demand was simply not there. To obtain the BSC order, special terms would have to be agreed with Cabinet colleagues and there was no guarantee of success: he would be doing his best however. One of the conditions would undoubtedly have to be increased productivity.

5. Lord Blease assured the Secretary of State that the CSEU's offer on productivity was a genuine one. Confederation officials would be visiting the yard the following day. As for the management, they did seem naive about salesmanship - particularly in the face of fierce international competition - and also about political sensitivities. He understood that there were orders for bulk carriers about the world - especially for LPG carriers - and a more positive approach was needed. He hoped that the BSC order would not be lost through EC constraints since other member countries did not seem to play to the rules.

6. The Secretary of State said that he would ensure that EC requirements did not impede the processing of approval for the order. Reverting to the question of relations with British Shipbuilders, the Secretary of State read a letter he had just received from Robert Atkinson which said that there was much co-operation over large ship proposals but that they did have spare capacity in their own engine works to which they had to accord priority. Peter Robinson suggested that H&W should extend their engineering work to Sulzer as well as B&W engines to make them more competitive internationally.

7. Mr Molyneaux said one problem over sales was the need for the sales team to constantly refer back to the board who so often stifled any initiative. The Secretary of State said that he hoped that the infusion of new blood on the board would revitalise management - a recently appointed non-executive director would provide much-needed financial expertise for example. In any event he would continue to look at the management team and he would also examine in greater detail the relationship between British Shipbuilders and H&W.

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On the latter point he would, at Mr Ross's suggestion, look at the scope for H&W constructing hulls which would then be transferred to BS yards for fitting out. Meanwhile, as regrettable as it was, it would be unrealistic to expect that the 950 or so jobs under threat could be saved in the immediate future. Further economies were essential. However he assured the delegation that he would be doing his best to keep H&W going through this extremely difficult period.



M W HOPKINS

18 February 1982

cc: PS/SofS (B)  
PS/Lord Gowrie (L&B)  
PS/Mr Butler (L&B)  
PS/PUS (L&B)  
PS/Sir E Bell ✓  
Mr Marshall  
Mr Bloomfield  
Mr Burns  
Mr Spence  
Mr Shepherd