

Mrs Susan 88 19/8/86.
To see for information
& return, please.

Thompson

18/8.

Mr G H H Sonnenberg
PS/Secretary of State

cc: PS/SOS (L&B)
PS/Dr Boyson (L&B)
PS/Mr Bloomfield
Dr Quigley
Mr Fell
Mr Cowling, NIO(L)

hc: Mr Thompson

5/18/86

EFFECTS ON INDUSTRY OF RECENT IRA STATEMENTS

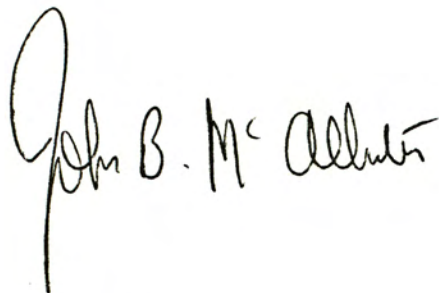
1. Thank you for your minute of 13 August 1986.
2. There is nothing significant to add to the verbal report which I gave to the Secretary of State's meeting on 11 August 1986. To summarise, the position is:-
 - (a) by and large manufacturing industry with our support is adopting a very sensible "business as usual" stance with employees in possible target firms taking extra care with their personal security;
 - (b) IDB has some 11 client companies (involving 7100 jobs) which might be regarded as possible targets - none of these jobs are considered to be at risk at present and only 2 of the companies have initiated direct contact with IDB;
 - (c) potential inward investors could well be deterred by their perception of the political and security situation (there has been one specific casualty) and the attendant media coverage, although there are positive indications of existing firms proceeding with major investment projects albeit after further careful consideration;
 - (d) any polarisation of the workforce would have damaging effects on manufacturing output and on IDB's efforts to attract inward investment but so far there is no evidence of any support for the threatened moves in this direction; and
 - (e) the industry organisations are adopting a reasoned and restrained posture and are not making public statements which might

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exacerbate the situation. We have supported this stance. Unnecessary challenges at this stage will not be helpful. Despite recent press reports to the contrary industry is supportive of this low-key approach.

3. We have established special liaison arrangements with the CBI and the Chamber of Commerce & Industry and will report any significant developments or reactions through the inter-Departmental liaison arrangements which are now in place.



JOHN B McALLISTER
Chief Executive

18 August 1986

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