

cy 11/1



Prime Minister²
But still a long way to
go. AT 11/1

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11 January 1984

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Dear Andrew

HARLAND AND WOLFF: PUBLICATION OF ACCOUNTS

The Prime Minister will wish to be aware that the Harland and Wolff Report and Accounts for 1982/83 are to be published shortly. Copies will be placed in the Library of the House and issued to Party Spokesmen and Northern Ireland MPs (as is customary). Publication had been deferred pending greater certainty about the Blue Star order.

Although the accounts show a higher overall deficit than last year (£42.8m compared with £26.2m) this is largely due to costs of re-organisation and to the bringing forward of anticipated future losses.

Underlying this the accounts show an improved trading position. Loss on work done, which was £31.6m (for 15 month period ended 31 March 1982) has decreased to £19.9m for year ended 31 March 1983. This is a most important measure of the Company's performance during the year and confirms that the improvement noted in 1981/82 has been continued: as a percentage of the selling value of work done, losses have decreased from 52% in 1980, to 32% in 1981/82 and 27% in 1982/83.

Mr Prior remains anxious at the Company's continuing losses and burden on public funds. He is nonetheless encouraged that, despite strongly adverse market conditions, the Company has achieved a marked improvement in its underlying performance, which he hopes can be sustained under the vigorous leadership of its new Chairman and Chief Executive.

The Secretary of State wishes to emphasise, as in the attached press release, that further efforts to cut costs are essential, but also to acknowledge the improvements already achieved.

I am sending a copy of this letter to the Private Secretaries to the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

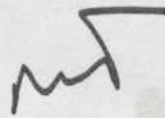
Yours ever
Derek

DRAFT PRESS STATEMENT

SECRETARY OF STATE PRAISES SHIPYARD BUT URGES FURTHER IMPROVEMENTS

The Secretary of State for Northern Ireland, the Rt Hon James Prior MP, commenting on the 1982/83 Report and Accounts of Harland and Wolff Ltd, praised the underlying improvements in the yard's performance. He said however that he was most concerned at the size of the overall deficit which was a sharp increase on previous years, but he noted that this was largely due to the considerable costs of restructuring and re-organisation within the shipyard and a change in accounting policy. He was pleased to note the improved trading position of the company.

Mr Prior said that both management and the workforce should be commended and encouraged in their strenuous efforts to increase productivity and to cut costs as this represented the only way towards a stable future in very tough market conditions. He emphasised however that these improvements were only the beginning, and not the end, of the road towards stability. Other yards throughout the world were also achieving increased efficiencies and reduced costs and H&W would have to better these if the taxpayer was to be asked to continue support for the yard.



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10 DOWNING STREET

From the Private Secretary

12 January, 1984

HARLAND AND WOLFF: PUBLICATION OF ACCOUNTS

The Prime Minister has seen your letter to me of 11 January and has noted that the accounts of Harland and Wolff for 1982/83 are to be published shortly. While she has noted that the trading position has improved she commented that there is still a long way to go.

I am sending a copy of this letter to Callum McCarthy (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

(A. Turnbull)

D.A. Hill, Esq.,
Northern Ireland Office

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