



10 DOWNING STREET

THE PRIME MINISTER

18 November, 1982

Dear Mr. Sirs,

Thank you for your letter of 5 November about the meeting which you are arranging on 23 November to discuss the future of the steel industry.

In reaching decisions on the British Steel Corporation's future strategy, the Government will certainly take account of the implications for the regions in which BSC's major plants are located. I know that many of the local authorities have already made their anxieties known to the Government; and the Secretary of State for Industry has, I understand, already held discussions with a number of those closely concerned.

However, if there are further points which you or the local authorities in the areas concerned want to put forward on 23 November, then I suggest that you seek to make arrangements direct with the Ministers whom you mention.

Yours sincerely  
Margaret Thatcher

W. Sirs, Esq.

—

sk

cc D/I  
HMT  
DOE  
SO  
W/O  
D/M  
D/T  
MJS



10 DOWNING STREET

Prime Minister

MK

I find Mr Sins' letter rather  
offensive; particularly since Mr Jenkin saw  
him yesterday.

It is true that Industry took  
until 16 November to reply to our  
request, on 5 Nov. for advice. But I  
went to considerable lengths to get  
your reply quickly to Mr Sins - I  
even dictated it over the phone to  
his secretary, on 18 November.

Mes 24/11

TELEPHONE:  
01-837 6691 (3 LINES)

GR  
CF → No Trace



MR. SCHOLAR  
TELEGRAPHIC ADDRESS:  
"STEELCON, LONDON W.C.1"  
TELEX 22141

YOUR REF:

OUR REF: WS/MU/SS

# THE IRON AND STEEL TRADES CONFEDERATION

*General Secretary*

*W. Sirs*

*Swinton House,  
324 Gray's Inn Road,  
London, WC1X 8DD*

19th November 1982

The Rt.Hon.Mrs.M.H.Thatcher MP  
10 Downing Street  
London SW1

Dear Mrs.Thatcher,

National Steel Appeal: 23rd November

Thank you for your letter received here today.

I will act on your suggestion and contact the ministers direct, but I very much regret that so little time is left to do this in view of the fortnight that it took you to reply to my letter of 5th November.

Yours sincerely

*Wm. Sirs*

W. SIRS  
General Secretary



JF2045

Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

19 November 1982

Margaret O'Mara  
Private Secretary to the  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

*Dear Margaret,*

ISTC STEEL MEETING ON TUESDAY, 23 NOVEMBER

As you know, the Prime Minister's letter to Bill Sirs (in response to his asking if she would arrange for Ministers to make themselves available next Tuesday for his National Steel Appeal) suggested that Mr Sirs made arrangements direct with the Ministers concerned. A number of Ministers have now received their individual invitations to attend the ISTC Tuesday meeting, including my Secretary of State. You and copy recipients should be aware of the reply which my Secretary of State has now sent to ... Mr Sirs (attached). Although Mr Jenkin thinks it would be inappropriate for him to attend any meeting in the House, he has offered Mr Sirs a meeting back in the Department of Industry afterwards. It is clearly important that Ministers should aim to co-ordinate their response to Mr Sirs' invitation. Assuming that Mr Sirs accepts Mr Jenkin's invitation to a separate meeting, Mr Jenkin invites other Ministers to attend this meeting if they so wish.

2 I should be very grateful if you and others could let me know if Ministers find any difficulty with the line which my Secretary of State has taken and whether they would like to come to his meeting if arranged.

3 Copies of this letter and attachment go to Michael Scholar (No 10), David Edmonds (Environment), Muir Russell (Scotland), Keith Dalimore (Wales), Jane Swift (Chief Secretary's Office), Barnaby Shaw (Employment) and John Rhodes (Trade).

*Yours ever,  
Caroline Varley*

CAROLINE VARLEY  
Private Secretary

Encl



JF2042  
Secretary of State for Industry

9556

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ASHDOWN HOUSE  
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19 November 1982

W Sirs Esq  
General Secretary  
The Iron and Steel Trades Confederation  
Swinton House  
324 Gray's Inn Road  
LONDON  
WC1X 8DD

Dear Bill,

NATIONAL STEEL APPEAL : 23 NOVEMBER

Thank you for your letter of 17 November inviting me to attend the National Steel Appeal on 23 November.

As you know, I have already received representations from a wide range of interested bodies about the future of the British steel industry, and I have discussed the problems with the TUC Steel Committee, which you chair, with MP's who have constituency interests in steel, and others. I fully understand the concerns which are being expressed about the further cutbacks in our steel industry. But as you know I have made it clear that the process of further rationalisation to improve the competitiveness of our steel industry must continue, and that only the strategic question of the possible closure of one of BSC's five major integrated steelworks would be a matter for the Government. In addition, I am pressing very firmly in the European Community for the steel measures to be operated fairly, so that the inevitable burden of further closures and redundancies is spread more widely in Europe, and to ensure that the steel price and production quota arrangements are effectively enforced.

I regret that I am not able to come to the Grand Committee Room but if you wish to bring a small delegation of representatives to see me after the meeting is over for, say a half hour discussion I will be pleased to receive them.

If you would like to do this, perhaps you would get in touch with my private office to fix a time.

You may wish to be given advance notice that I intend to make a statement in the House on Monday on yesterday's Informal Meeting of EC Industry Ministers.

Yours faithfully  
John Gummer

11 12 1 2 3 4 5 6 7 8 9 10

119 NOV 1982



Secretary of State for Industry

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16 November 1982

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

*Dear Michael,*

You wrote to me on 5 November asking for a draft reply for the Prime Minister to send to Mr Bill Sirs of the Iron and Steel Trades Confederation about the "National Steel Appeal" on 23 November.

2 Mr Sirs asked the Prime Minister to arrange for a team of Ministers to be available that day to hear representations from local authorities and others who are meeting to lobby against further capacity reductions in the steel industry. We think that it should be for Mr Sirs to make the request direct to the Ministers concerned and for them to make their own minds up about whether they are ready to meet delegations. I should add that, given the very sensitive position at present over BSC's future and the fact that my Secretary of State has already held discussions with those most concerned (Mr Sirs himself, Labour MPs with constituency interests, etc), he does not intend that Ministers from this Department should meet a delegation and he recommends that his colleagues should take the same line in response to any approach from Mr Sirs.

3 I attach an appropriate draft reply. I am sending a copy of this correspondence (including Mr Sir's letter) to Margaret O'Mara (Treasury), David Edmonds (Environment), Muir Russell (Scotland), Adam Peat (Wales), Barnaby Shaw (Employment) and John Rhodes (Trade).

*Yours ever,*

*Caroline Varley*

CAROLINE VARLEY  
Private Secretary



Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
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14 November 1982

W Sirs Esq  
Iron and Steel Trades Confederation  
Swinton House  
324 Grays Inn Road  
London WC1X 8DT

Dear Bill,

Thank you for your letters of 19 October on imports and 22 October on Alpha Steel.

I can assure you that I am not complacent about imports. As you know from my earlier letters and from my meeting with the TUC Steel Committee, both the Government and, at our behest, the Commission have been active in identifying and pursuing particular problems caused by imports. We have also been pressing for Community agreement to stronger VRAs for next year. Indeed I find that your proposals on the Community approach to VRAs for 1983 significantly reflects our own. Thus:

- a) We have ourselves been arguing for a reduction in the 6% price penetration margin.
- b) We have been pressing for a greater cut back in the tonnage levels to reflect the decline in demand. However, we have also argued that if there should be a review during the year of this level it must allow for falling as well as increasing demand.
- c) We are arguing that the clauses on regional (ie Member State) and product distribution, together with the requirement to spread exports evenly over time, should be strengthened and more rigorously enforced.

These proposals require the agreement of other Member States and, ultimately of course, the Community's VRA partners. It is particularly important, moreover, that the arrangements, once negotiated, must be properly enforced. The Commission have been sympathetic to our demand for more effective and rigorous enforcement.

Overall, the VRAs have worked reasonably well this year. I entirely agree that the increase in imports this year over 1981 levels is unwelcome, but, as I have said in earlier letters, there was an exceptionally low level of imports last year. The higher figures this year do not represent a failure of the VRA system. There have, however, been specific problems. The most





notable cases are Czechoslovakia, Bulgaria, Brazil and Spain. The Government are in the process of imposing a mandatory quota on imports from Bulgaria, as has already been done for Czechoslovakia. Both countries agreed to this measure because they were unable, due to the activities of merchants, to control indirect sales. Brazil has sent us excess pig iron, but has now agreed to stop deliveries for the rest of the year. Spain is, as you know, a particular problem, but hopefully the current anti-dumping case and provisional duty will help show that failure to abide by the VRA will harm their interests. We understand, in fact, that as a result of Commission pressure the Spanish are severely curtailing the availability of export licences for sales to the UK for the rest of this year.

To further help with the problems under the VRAs next year we are pressing the Commission to institute routine monthly meetings with problem countries. We would also like a faster system for anti-dumping actions, although the industry will still need to mount an effective case against the imports concerned. Not only should these directly control disruptive imports; they should help persuade VRA countries that keeping within the terms of the arrangements is in their own interests.

I accept your point that a lower exchange rate for the pound would increase the price of imports and make them less competitive. However, it would also put up the price of basic raw materials, including iron ore, and create inflationary pressures. The debate on the exchange rate at the CBI conference illustrated this dilemma most clearly. The Government believe that the most valuable contributions to improved competitiveness arise not from devaluing sterling but from factors such as better cost control, improved productivity, better quality control and even greater increases in efficiency. That is why we believe the level of sterling should continue to be determined primarily by market forces.

Your letter to me of 22 October raised problems Alpha Steel were having from the Temporary Short Time Working Compensation Scheme. As this is a matter for the Department of Employment I am passing your letter to Norman Tebbit for reply.

I am sending a copy of this letter to Peter Rees in the Department of Trade.

*Yours etc*  
*R. Butler*



REF:

OUR REF: WS/LP/SS

# THE IRON AND STEEL TRADES CONFEDERATION

General Secretary

W. Sirs

Swinton House,  
324 Gray's Inn Road,  
London, WC1X 8DD

19th October 1982

The Rt.Hon.Patrick Jenkin MP  
Secretary of State for Industry  
Ashdowne House  
123 Victoria Street  
London SW1

Dear Mr.Jenkin,

Re: Third Country Steel Exports

Thank you for your letter regarding the level of steel imports from non-EEC countries and your concern for those working in the steel industry who are currently threatened with the loss of their livelihood.

However your remarks concerning the Community's Voluntary Restraint Arrangements indicate a level of complacency that is, I am afraid, totally unjustified.

Substantial sections of our already depleted industry are coming under intense pressure as a direct result of the flood of imports which arrived in the first six months of 1982.

The combination of import quotas set in tonnage terms and based upon predicted levels of consumption that have been found once again to be over-optimistic, and the rise in UK prices at the beginning of 1982, plus the 6% "penetration allowance" resulted in a flood of imports from countries who used up their entire quota for the year in six months or less and in some cases exceeded it, whereas in 1981 they had not fulfilled their quota over the whole year.

Indeed, in the light of this experience I would say most categorically that the present arrangements are totally inadequate to cope with what has happened and we must ensure that it is not

.../2

peated some time in the future.

Five steps need to be taken on the EC level to safeguard our industry from such an attack, which should be supported by actions our nation can and must undertake.

- a) Reduce or eliminate the 6% penetration allowance.
- b) Enforce a percentage limit as well as a tonnage ceiling on all Third Country exports to the EC, so that any decline in consumption will be reflected in a fall in imports.
- c) Third Country import quotas should be spread evenly over the whole year so that the market does not become flooded in the early part of the year.
- d) Spread a country's quota equitably between each of the Member States.
- e) Spread a country's quota between the various steel products, so that no one sector of the industry is put under threat.

As these changes will take some little time to introduce it is essential that the UK protects itself during the remainder of the year from any further deterioration of its domestic steel supply by invoking the rules of G.A.T.T.

It is also essential that the value of sterling is returned to a more realistic level, as this is yet another factor which sways the balance towards imported goods, including steel, and away from domestic supplies. As long as the pound is over-valued then any hopes of recovery for the UK economy, whether it be spontaneous or manufactured, will simply result in a further increase in demand for imported products, or put another way, we shall be importing 'other peoples' unemployment and in effect your government will be indirectly paying Unemployment Benefit and Social Security benefits to W.Germans, French or Italians, a situation we cannot afford.

Surely you cannot be so prejudiced in favour of "free competition" that you can sit back and allow other countries the freedom to exploit our markets when they are ignoring or flaunting the rules so brazenly.

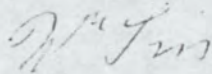
Given the orders for steel to allow optimum levels of capacity utilisation, we in the UK are the most efficient steelmakers in Europe and in many areas on par with the Japanese. The British are also, by far, the lowest paid steelworkers in the developed world and it is ludicrous to suggest that our loss of the UK home market is caused by less able and/or less productive workers.

Since the implementation of the "Business Proposal" in 1979 by BSC which proposed to reduce BSC's steelmaking capacity and employment by one-third, the level of losses have been higher with an ever decreasing number of employees. This means that the income to the government in the form of National Insurance Contribution and P.A.Y.E. taxes, as well as rates paid by the steel plants to local authorities, have declined, whilst the numbers requiring unemployment benefit and social security have increased. What is the logic behind such proposals which have resulted in the decimation of whole communities and caused so much human suffering?

I hope that you will reconsider your attitude towards the Voluntary Restraint Agreement in the light of the information I have provided and you will use your influence to ensure an adequate degree of protection is afforded our ailing industry.

If you have any further queries or require any more details please do not hesitate to ask as I will only be too happy to provide whatever assistance I can.

Yours sincerely



W. SIRS  
General Secretary

c.f.i. The Rt.Hon.Peter Rees MP

DRAFT LETTER FROM THE PRIME MINISTER TO:

W Sirs Esq  
The Iron and Steel  
Trades Confederation  
Swinton House  
324 Gray's Inn Road  
London WC1X 8DD

*pl type for pm*

Thank you for your letter of 5 November about the meeting which you are arranging on 23 November to discuss the future of the steel industry.

In reaching decisions on the British Steel Corporation's future strategy, the Government will certainly take account of the implications for the regions in which BSC's major plants are located. If there are particular points which you or the local authorities in the areas concerned want to put forward on 23 November, then I suggest that you seek to make arrangements direct with the Ministers whom you mention. However, I know that many of the local authorities have already made their anxieties known to the Government and ~~Ministers~~ <sup>my colleagues</sup> will need to consider ~~whether a meeting to explore matters further would prove~~ helpful at present.

*I said that the Secretary of State for Industry has already had <sup>some</sup> discussions with those most closely concerned.*

HL

5 November 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 5 November, which I shall place before the Prime Minister. A reply will be sent to you as soon as possible.

MICHAEL SCHOLAR

W. Sirs, Esq.

Bill SIRs-

12/11 HU

cc D/EMP 16/11

5 November 1982

I enclose a copy of a letter the Prime Minister has received from Mr. Bill Sirs of the Iron and Steel Trades Confederation.

I have acknowledged. I would be grateful if you could let me have a draft reply for the Prime Minister's signature by Friday 12 November.

I am sending a copy of this letter to Barnaby Shaw (Department of Employment).

MICHAEL SCHOLAR

Jonathan Spencer, Esq.,  
Department of Industry.

TELEPHONE:  
01-837 6691 (3 LINES)

YOUR REF:

OUR REF: WS/MU/SS



Prime Minister

TELEGRAPHIC ADDRESS:  
"STEELCON, LONDON W. C. 1"  
TELEX 22141

I will try to have  
a draft reply. Mrs 5/11

# THE IRON AND STEEL TRADES CONFEDERATION

General Secretary

W. Sirs

Swinton House,

324 Gray's Inn Road,

London, WC1X 8DD

5th November 1982

R 5/11  
by hand

The Rt.Hon.Mrs.M.H.Thatcher MP  
10 Downing Street  
London SW1

Dear Mrs.Thatcher,

National Steel Appeal  
23rd November, 2p.m.

As you know my members and I have been making strenuous efforts to persuade industry and government that the national interest would best be served by the continuance of the UK steel industry at least at its present capacity.

To this end we have convened a representative gathering of local authorities, business concerns and trade unions directly interested at Central Hall, Westminster, 23rd November, at 2p.m. It is our intention that those present should hear speakers of all parties and of none on the subject of the nation's need for a steel industry of adequate size.

Mr.MacGregor's revised plan for the British Steel Corporation will shortly be in the hands of your ministers. I consider it vital that during their deliberations they should hear the views of local authorities concerned so that the full implications of further retrenchment can be grasped. This is not a party matter but one of profound importance to all local authorities responsible for steel areas. I am therefore asking you, on their behalf, if you would kindly arrange for ministers from the relevant departments, namely Industry, Employment, Trade, Environment and the Treasury to make themselves available, at the House or elsewhere, to hear all party representative delegations on the problems of steel.

.../2



I am sure that this matter must be of great concern to you and expect you will do all you can to make these consultations possible.

In the hope of an early reply,

Yours sincerely

*Wm. Sirs*

W. SIRS  
General Secretary

*PPS*



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Secretary of State for Industry

30 November 1982

Tim Flesher Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

*Dear Tim,*      *In the PMS  
Signature: pse  
attach PMS*

I enclose a draft letter for the Prime Minister's signature, in reply to the letter of 23 November from Mr R Evans, Assistant General Secretary of the Iron and Steel Trades Confederation, to which was attached a motion passed on the day of the National Steel Appeal.

2 As is mentioned in the draft letter, there has been an exchange of correspondence between Mr Sirs, the ISTC General Secretary, and my Secretary of State, primarily concerning imports from non-Community countries. I enclose for information copies of the most recent letters in this series from Mr Sirs, dated 19 October, and from my Secretary of State, dated 12 November. *filed separately*

3 I am copying this letter and enclosure to John Whitlock (Department of Trade).

*Yours ever,*

*Caroline Varley*

CAROLINE VARLEY  
Private Secretary

*hmm*

DRAFT LETTER FOR SIGNATURE OF PRIME MINISTER

R Evans Esq  
Assistant General Secretary  
Iron and Steel Trades Confederation  
Swinton House  
324 Gray's Inn Road  
London WCLX 8DD

Thank you for the letter of 23 November with which you enclosed the motion passed unanimously at the National Steel Appeal that day.

The motion referred to the rising level of subsidised steel imports, and to the fact that other EC nations have failed to cut capacity as has the UK. ~~As far as imports are concerned,~~ <sup>As</sup> you know a legal distinction must be drawn between ~~those~~ <sup>imports</sup> from non-Community countries and those from the rest of the EC. In the case of the former, there is a series of voluntary restraint arrangements negotiated annually by the Commission on our behalf. I know that Mr Sirs has ~~engaged in~~ <sup>corresponded</sup> with Patrick Jenkin about these VRAs, and I will not repeat all the arguments here. But it may be useful if I confirm that we have secured a tightening of the arrangements for 1983, <sup>for</sup> ~~as regards~~ both quantities, which are to be cut back to 12.5% below the figures in the 1980 VRAs, and guarantees of rigorous enforcement of the provisions to prevent disruptive surges in imports. The Government have also been pressing the Commission to take anti-dumping action against injurious imports from countries without VRAs, and you may have noted that the Commission recently announced the opening of anti-dumping investigations against certain steel imports from Canada, Venezuela, Argentina and Brazil (in addition to the duties already in force against Spain and - for certain other products - Brazil).

The Government share the ISTC's concern about the level of imports from other European Community Member States, although it should be pointed out that, while there has been an increase in the market share taken by such imports this year (19.1%  compared with 17.6% in 1981), it is in comparison with the years prior to 1980, the year of the 13 week steel strike, that the biggest change has taken place (import penetration by other Member States was then only 12-14%).

The urgent need<sup>s</sup> as regards imports from other Member States ~~are~~ to restore price stability and to get the rules on pricing and quotas enforced rigorously throughout the Community, <sup>to ensure</sup> ~~thus ensuring~~ that the competition which our industry faces is fair. The recent Informal Meeting of EC Industry Ministers in Denmark made useful progress in this direction. Patrick Jenkin's call for action was met by a series of proposals by the Commission representative, designed to stabilise steel prices and to stamp out illegal pricing practices by producers. An interesting proposal <sup>with regard to the</sup> in relation to the reference in your motion to ~~subsidies~~ <sup>as interests</sup> concerns the Commission's ~~intention~~ to block investment aid or proposed national aid to producers who are infringing pricing provisions. The various Commission proposals are currently being discussed urgently by officials in Brussels.

The important question of reduction of excess steel-making capacity was also discussed at the Informal Meeting of Industry Ministers in Denmark. Patrick Jenkin stressed that the UK industry had done and was doing its part to reduce  capacity and become competitive. He made it clear that he could not and would not defend a situation in which our capacity cuts were not matched by other Member States.

In summary, therefore, and using the words of the motion, the Government are acting for Britain in support of our steel industry, in respect of unfair imports and to get other EC countries to bear their share of the necessary sacrifice in reducing excess capacity. At the same time, we need to create a competitive British steel industry that can hold its own against fair competition on the world markets.

MFJ

MR RICKETT to see

*I have kept  
the  
attachment*

CF - Alan -

*For you? Kay 25/11*

*LA  
24/11*

24 November 1982

The attached letter was handed in at Downing Street yesterday by Mr. R. Evans, the Assistant General Secretary of the Iron and Steel Trades Confederation. As you will see the letter conveys a motion passed at the National Steel Appeal at Central Hall. The Prime Minister would like to reply to Mr. Evans and I should be grateful for a suitable draft by Wednesday 1 December.

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TIM FLESHER

Dr David Saunders  
Department of Industry