PREM 19/1356

MT

Confidential Filing

PM's Meeting with Tom Clarke MP. about the Closure of Martin Black's at Speedwell

PRIME MINISTER

December 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~9.12.82~~							
~~14.12.82~~							
~~25.12.82~~							
~~7.1.83~~							
14.1.83							

PREM 19/1356

CFFile PM MB

cc SO
D/T
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CF

10 DOWNING STREET

THE PRIME MINISTER

14 January 1983

Dear Mr. Clarke.

When we met on 14 December to discuss the closure of the Speedwell Wire Company Limited, Coatbridge, you raised two points in connection with representations you had received from Martin Black PLC. I agreed that both these points should be followed up.

The company was seeking assistance for its efforts to secure the contract for cable laid slings for the British Gas Rough storage project. The Offshore Supplies Office of the Department of Energy carefully monitored the Rough slings contract to ensure that full and fair opportunity was given to British suppliers. However the Office cannot dictate to any client where a particular order should be placed. Provided fair opportunity is given to our industry, clients must remain free to make the final decision based on their technical and commercial assessments. They of course remain responsible for the safety and the technical and commercial success of their projects.

As regards the MAKLOK system the client found this technically unacceptable for this particular job and the Offshore Supplies Office cannot press clients to accept a technical solution which they do not want. It is for suppliers to convince clients that their products meet the clients' specific needs. The Offshore Supplies Office has however been in touch with Mr. Slater and is trying to arrange opportunities for Martin Black to give technical presentations of its system to potential buyers.

/ On the company's

JL

On the company's accusations about the dumping of steel wire, here again Mr. Slater has already received preliminary advice from the Department of Trade about the possibilities of action against competition from other European manufacturers. This might - if the facts warrant it - take the form of anti-dumping remedies in respect of imports from countries outside the Community. Action may also be possible under the European Communities Treaties in respect of imports from other Member States. I suggest therefore that Mr. Slater gets in touch with Mr. D.C.B. Morris of the Department of Trade (01-215 5627) to arrange a meeting to discuss the possibilities in more detail.

Yours sincerely

Margaret Thatcher

Tom Clarke, Esq., C.B.E., J.P., M.P.

PM

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Willie Rickett Esq
Private Secretary
10 Downing Street
LONDON SW1

Where are the pps?

7 January 1983

Dear Mr Rickett

You wrote to me on ~~14~~ December asking for a draft letter for the Prime Minister to send to Mr Tom Clarke MP reporting the outcome of enquiries she had agreed to have made into two of the points he had raised during their meeting that day.

Mr Clarke had sought help on behalf of Martin Black PLC in its efforts to secure the British Gas contract for the supply of cable laid slings for the Rough Storage Project. He also wished to see pursued the company's accusations that European manufacturers were dumping steel wire to the detriment of British Industry.

The company had already been in touch with the Departments of Energy and Trade on these topics and has been offered the help of the Offshore Supplies Office - with whom Mr Slater has discussed the question of slings - in deciding how best to compete for business in offshore markets. Contrary to Mr Slater's claims Martin Black was not the UK firm closest to securing the British Gas contract. He was also given information by the Department of Trade last February about anti-dumping action and the possibilities of seeking redress under the Treaty of Rome when he enquired about taking action against imports from Norway, Spain, France, Germany and Holland. He was invited to get in touch with the Department again once he had considered whether he wished to take matters further. He did not do so.

A draft letter to Mr Clarke is enclosed for the Prime Minister's consideration.

Yours sincerely

Moragh Stewart

for A MUIR RUSSELL
Private Secretary

DRAFT FOR THE PRIME MINISTER

Tom Clarke Esq CBE JP MP
House of Commons
LONDON
SW1A OAA

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P.M. : Mtg. with Tom Clarke M.P.
12/82

WN 24/12

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Michael Wilshire Esq
Private Secretary to the Minister of State
Department of Energy
Thames House South
Millbank
LONDON
SW1P 4QJ

22 December 1982

Dear Michael

REDUNDANCIES AT MARTIN BLACK PLC, COATBRIDGE

You will have received a copy of Willie Rickett's letter to me of 14 December asking for a draft letter for the Prime Minister to send to Tom Clarke MP.

Although Mr Fletcher attended the meeting with Mr Clarke and undertook to investigate the two points he raised, as we have no involvement in either subject we will be entirely dependent on contributions from you and John Rhodes at Trade in framing the requested draft.

I should be grateful, therefore, if you and John Rhodes to whom I am copying this letter could let me have something for your respective interests that I can stitch together fairly quickly for No 10.

A copy of this letter also goes to Willie Rickett.

Ever
Muir

A MUIR RUSSELL
Private Secretary

PM Dec 82, Martin Flack's

TOM CLARKE CBE JP MP

HOUSE OF COMMONS
LONDON SWIA OAA

Prime Minister

Prime Minister

The Rt Hon Margaret Thatcher, M.P., 15th December, 1982
Prime Minister,
10, Downing Street,
LONDON, S.W.1.

Dear Prime Minister

I am very sensitive to the pressures of your Office and the great demands on your time and I do want you to know that I greatly appreciated the time you took yesterday to listen to my expressions of concern on behalf of my Constituents.

It was, in my view, a useful exchange and I am grateful.

Yours sincerely

Tom Clarke

SUBJECT

cc Master

FILE

SW.

CC: D/Trade.
Hamish Gray's Office
D/Energy

10 DOWNING STREET

From the Private Secretary

14 December, 1982

Thank you for your letter of 13 December, and for the briefing for the Prime Minister's meeting with Mr. Tom Clarke, M.P. to discuss the closure of the Speedwell Wire Company Limited, Coatbridge, a subsidary of Martin-Black PLC. The meeting took place this afternoon at 1555. Mr. Alex Fletcher was present.

Mr. Clarke opened by saying that he had always found the Scottish Office and its Ministers, including Mr. Fletcher, extremely helpful. He knew that Scottish Office Ministers, and the Prime Minister herself, understood the problems of unemployment in his constituency. He realised that little could probably be done to halt the closure of the Speedwell Wire Company, but there were two points that he would like the Prime Minister to pursue. These were set out in the attached file of papers, which he handed to the Prime Minister. First, he hoped Mr. Fletcher, and the Minister of State at the Department of Energy, could help Martin-Black to secure the contract for the supply of "large diameter Cable Laid Slings" for the British Gas Rough Storage Project. Second, he hoped that Mr. Fletcher could pursue with Ministers in the Department of Trade accusations made by Martin-Black PLC that European manufacturers were dumping steel wire to the detriment of British industry. These accusations were set out in a letter that he had received on 10 December from Mr. James Slater, a Director of Martin-Black (copy attached).

The Prime Minister said that both these points would be followed up. I should therefore be grateful if you could pursue them with John Rhodes (Department of Trade) and Stephen Haddrill (Department of Energy), to whom I am copying this letter, and let me have a draft letter for the Prime Minister to send to Mr. Clarke, reporting the outcome. It would be helpful if this could reach me before the Christmas Recess, though I realise that this may not be possible.

BF

W. F. S. RICKETT

A. Muir Russell, Esq.,
Scottish Office

TOM CLARKE CBE JP MP

HOUSE OF COMMONS
LONDON SWIA OAA

UNEMPLOYMENT STATISTICS - AIRDRIE & COATBRIDGE.

Nov	1979	1980	1981	1982	
	5232	8059	9605	9565	*
Inc Youths	549	946	1027	1055	*

* Based on new system of calculating.

REDUNDANCIES (i.e. major redundancy affecting 10 or more people)

1980	1981	1982
1396	1302	885

(Does not include Bedley Colliery where 500 jobs were transferred)

PERIODS OF UNEMPLOYMENT

Numbers unemployed between six months and 1 year....... 1772

Numbers unemployed over one year or more............... 3798

Youth 1055 plus 1015 engaged on YOP Programme

Short time working compensation scheme. In the past three years 27 employers have made use of this facility.

BREAKDOWN OF SKILLED UNEMPLOYED.

Clerical	483
Chefs	47
Joiners	102
Engineers	219
Motor Mechanics	87
Electricians	129
Plumbers	90
Sheet Metal Workers	19
Welders	101
Painters	190
Bricklayers	89

NOTIFIED VACANCIES.

1980-81	Airdrie	1087
	Coatbridge	1754
1981-82	Airdrie	1111
	Coatbridge	1356
1982-83*	Airdrie	1114
	Coatbridge	1336

* Projected figure.

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0035 82-12-09 17:04

MR T. CLARK MP (FOR AIRDRIE AND COATBRIDGE)

RE: BRITISH GAS ROUGH STORAGE PROJECT

OUR MARKET INTELLIGENCE ADVISES US THAT THE LARGE DIAMETER CABLE LAID SLINGS FOR THE ABOVE PROJECT ARE ABOUT TO BE PLACED IN THE NEXT 3 WEEKS

OUR QUOTE UTILISING OUR MAKLOK SYSTEM IS REPORTED TO BE THE CHEAPEST BESIDES HAVING MANY ADDITIONAL ADVANTAGES OVER TRADITIONAL HAND SPLCIED SLINGS, E.G. - SLINGS ARE MORE EFFICIENT, LIGHTER, AND CAPABLEOF BEING MORE ACCURATELY MATCHED.

DESPITE THIS BECAUSE OF RELUCTANCE OF PROJECT MANAGEMENT TO USE MAKLOK THE ORDER FOR SLINGS COULD BE PLACED WITH CONTINENTAL MANUFACTURERS THROUGH THEIR U.K. SHELL COMPANIES.

VALUE OF SLNGS USING MAKLOK IS £90,000. OUR COSTINGS OF HAND SPLICED SLINGS INDICATE THESE WOULD COST £120,000 APPROX.

BRITISH GAS COULD THEREFORE BE PAYING 20% - 30% MORE THAN THEY NEED UNLESS CONTINENTAL ARE SERIOUSLY DUMPING.
ACTION IS NEEDED TO CORRECT THJIS SITUATION NOW.,

WE HAVE MEETING WITH OFFSHORE SUPPLY OFFICE TOMORROW TO DISCUSS BUT DO NOT FEEL THAT THEY HAVE ENOUGHH DESIRE TO CORRECT THIS SITUATION.

JAMES SLATE
DIRECTOR
MARTIN BLACK

THIS TELEX HAS BEEN SENT TO -

CHAIRMAN BRITISH GAS COUNCIL
RT. HON., HAMISH GRAY MP
T. CLARK MP
W.E. ALLISON, OFFSHORE SUPPLIES OFFICE
P.T. CONNOR, PROJECT MANAGER, ROUGH STORAGE PROJECT, C.J.B.

MARTIN - BLACK PLC

Regn. No. 7412 (Scotland)

Speedwell Works
Coatbridge ML5 4RS
Tel: Coatbridge (0236) 22566
Telex: 77376

Our Ref. JS/JD

10th December, 1982.

Mr. T. Clarke, M.P.,
Lugar Street,
COATBRIDGE.

Dear Tom,

Many thanks for your prompt response to my telex on the British Gas Council Rough Storage Project.

I had a very full discussion with Mr. W. E. Allison and Mr. H. M. Whiteside of the Offshore Supplies Office.

It would appear that as there are no British barges in the heavy lifting field of the offshore industry, that we are in the hands of the Continentals. The Continental barge owners, understandably, have their attachments to their local suppliers of large diameter Cable Laid Slings. The Offshore Office can endeavour to influence these barge owners to use British products, but are not in a position to legally require them to do so.

I explained fully how we had developed the MAKLOK system and, using miniature samples, showed how we made a Cable Laid Sling. They questioned why, if we had demonstrated the effectiveness of our slings, backed up with Lloyds Register of Shipping certification, the project contractors and barge owners were still unwilling to accept our system. Were there any technical problems which were causing doubt in their minds? they asked.

I assured them that we had invited over 100 people to our original demonstration at Lloyds, Dudley, that we had tested 5 ropes to the maximum capacity possible in the United Kingdom at Lloyds, Dudley (5.1/4 inches tested to 725 tonnes), that we had written to Heerema offering them trial ropes and answering all their questions (but with not even the courtesy of an acknowledgment) and that we had written to CJB inviting them to a fresh set of tests (again with not even the courtesy of a reply).

I gave them the enclosed list of orders received to date, and a copy of our most recent order from Brown & Root, all of which proves that outside of the North Sea, the MAKLOK system is an accepted system.

I/...

I pointed out that Bechtel were prepared to accept MAKLOK for the Beryl B Project, and that Heerema refused to use the MAKLOK system on their barge.

I confirmed that it was my understanding that in the Rough Storage Project that our price was the cheapest.

I expressed my personal view that -

1) In the case of Heerema they were not keen to use Maklok as it would adversely affect their relationship with their current supplier of large diameter Cable Laid Slings.

2) Bechtel had to go to Elkem (I suspect) of Norway for the slings for the Beryl B Project - although I questioned what experience Elkem had - certainly in the British Sector of the North Sea.

3) There was no reason for CJB or McDermott to turn down MAKLOK for the Rough Storage Project if we were the cheapest, and it could only be reluctance to accept innovation on their part. (As our system is based on well-proven sling making techniques it is not truly innovation).

Mr. Allison agreed to speak with McDermott and advise me early next week of their findings.

I suggested that Mr. Allison should question the placing of the slings for the Beryl B Project and the experience of the manufacturer. I also asked Mr. Allison to look more closely at Heerema's operations with a view to establishing what their traditional Cable Laid Sling buying pattern was.

In response to Mr. Allison's general enquiry as to whether we had any other problems // I emphasised that Aberdeen was a dumping ground for Continental rope to the detriment of British Industry. European manufacturers are forming shell UK marketing companies to allow them to get around the 'British Content' requirements. I highlighted the problem with 3 tonne casing slings which in 1981 were selling for £5.00-£5.50 each and are now selling for £3.00-£3.50. All of the rope being imported, as U.K. manufacturers cannot possibly meet these prices.

Finally, I emphasised that after having to close Speedwell Wire Co. Ltd., our company was going to fight like fury to get our MAKLOK system into use in the North Sea. If our price, for Cable Laid Slings for the Rough Storage Project is the cheapest, then that order <u>must</u> be placed with Martin Black.

I/...

I look to the Offshore Supply Office, British Gas and yourself to ensure this happens.

Again I would like to express our appreciation of your assistance in this matter, and hope that your meetings with Mr. Gray and Mrs. Thatcher are successful.

Kind regards,

Yours sincerely,

James Slater,
Director.

c.c. W. E. Allison, Offshore Supplies Office.
Rt. Hon. H. Gray, M.P.
R. B. Gibbon, Head of Construction Projects, British Gas.

MARTIN - BLACK PLC

Regn. No. 7412 (Scotland)

Speedwell Works
Coatbridge ML5 4RS
Tel: Coatbridge (0236) 22566
Telex: 77376

Our Ref. JS/JD

6th December, 1982.

T. Clark, Esq., M.P.,
House of Commons,
LONDON.

Dear Tom,

Your attendance at our plant on Friday was much appreciated by our workforce and our management.

These are very difficult times for all of us in Scotland, but particularly for those connected with the steel industry. As we indicated to you, the steel industry throughout Europe has its problems, and as requested I enclose a few relevant clippings from recent Financial Times on the subject.

However, we do feel, like so many others, that the U.K. steel industry appears to be taking more than its fair share of the capacity cuts. European steelmakers are still able to maintain their workforces while using Britain as a dumping ground for its products. Steel wire rope from most European countries is available throughout the UK at prices which are below those of the British manufacturers. One finds it extremely difficult to accept that the Europeans are doing anything other than keeping their steel mills operating while we close ours.

Individual companies who buy European steel products cannot be faulted when they themselves are under constant pressure to reduce costs. What is required to correct this situation is import controls on all steel products for a limited period in order to take the pressure off U.K. manufacturers and put it on to the Europeans so that they can accept their fair share of capacity reductions.

I attach copies of correspondence which I have had over the past six months with various authorities which might be of interest to you. I should mention that we have not had any true satisfaction as yet from this correspondence, and we presently await the outcome of our meeting with The Offshore Supplies Office next week.

However, as Jim Graham stated during your visit, 'if there was no oil there would not be 3 million unemployed'. The proceeds of our oilfields are being spent by our present Government to keep our workforce 'on the streets' instead of 'in jobs'. When is this going to stop?

We/...

We asked you what the position was with regard to the Monklands Project. It was our understanding (and you confirmed this) that the SDA, Strathclyde Region and the Local Authorities have £15 million or thereabouts to spend in our area.

Despite having put up some proposals with a view to improving access to our works at the beginning of this year, we have yet to see any sign of activity on this front.

If this money is not put to work to assist industry to retain jobs in this area soon we could well find existing industry disappearing and the money being spent instead on flattening industrial buildings to be replaced with parks and park benches for the unemployed to sit on. Action is needed on this front now.

As we indicated to you - as a result of our 'phoning the SDA, two of their staff will be visiting us on December 14th to explore how they might constructively help us. Your offer of assistance in arranging a meeting with Dr. G. R. Mathewson, Chief Executive of the SDA is much appreciated, and we look forward to hearing from you in due course on this matter.

Yours sincerely,

James Slater,
Director.

DEPARTMENT OF ENERGY
Offshore Supplies Office
Alhambra House
45 Waterloo Street
Glasgow G2 6AS
Telegraphic Address: Offshore Glasgow
Telephone 041-221 8777 ext 374

Mr J Slater
Martin-Black PLC
Speedwell Works
COATBRIDGE
ML5 4RS

your reference

our reference

date 1 December 1982

Dear Mr Slater

I have been asked to reply to your letter dated 17 November to the Minister of State.

The Minister has asked me to meet your company to discuss how the Offshore Supplies Office might help you in competing for business in the offshore markets. The meeting could be either at our Glasgow office or your works in Coatbridge. Perhaps your secretary could telephone to arrange a suitable date.

Yours sincerely

Bill Allison

W E ALLISON

Wed | Thurs.

Fri 10.00.

Also at Thames House South Millbank London SW1P 4QJ Telephone 01-211 3000
and Inverlair House West North Street Aberdeen Telephone Aberdeen 21757/21808

Our Ref: JS/JMJ

17th November, 1982.

Rt Hon. Hamish Gray MP,
Department of Energy,
Thames House South,
Millbank,
LONDON,
SW1P 4QJ

Dear Mr. Gray,

Thank you for your letter of 10th November.

As you suggest, I will follow up the matter of wire rope dumping with the Department of Trade although as I indicated in my previous letter, I do so without much hope.

I would like, however, to take up your offer of assistance from the Offshore Supplies Office with regards to the enclosed Press Release. You will note that this highlights our success in delivering the first part of a 630 tonne mooring line order for Cammell Laird. However, it is the second part of our Release which causes our Company concern.

We have already lost out on a 400 tonne order for the supply of large diameter cable laid slings to the Beryl B Project to Continental manufacturers when we believe we were competitive.

We have recently tendered for a further 300 tonnes of large diameter cable laid slings for the British Gas Council's Rough Storage Project. In this case we believe the barge operators accept our Maklok slings (they have already used them elsewhere) but it has been indicated by the project management Contractor that they prefer traditional hand spliced slings, although from our recent experience the only competitive slings pricewise to our Maklok slings will again be from the Continent.

In the course of the next months, enquiries for large diameter cable laid slings for the Morecambe Bay project will be issued for delivery towards the end of 1983 through 1984. In this case the European construction contractor who was connected with the Beryl B Project is once again involved, so our fear is that yet a further 300 - 400 tonnes of business could go to the Continent.

By/...

By our ingenuity we have been able to produce slings 80% to 85% of the weight of the traditional hand spliced slings so that we are more competitive than other U.K. manufacturers and we overcome the Continental 'dumped' rope price. At the same time our slings are more efficient, more precise in measurement, approved by Lloyds and approved by The Health & Safety Executive, which one would have thought would have been acceptable to the Contractors, but this would not appear to be the case in the North Sea.

The enclosed article highlights Maklok slings' successful use in Spain. We supplied 64 slings for use in Brazil in September 1981 with a further 28 requested by the Brazil Contractors in February of this year. Maklok slings are in use in Singapore, the Middle East, and about to be used offshore of West Africa but still we cannot get them into the North Sea - our own back yard.

If the Offshore Supply Office can shed some light on how we failed to get the slings for the Beryl B Project and if they could ensure we get a 'fair chance' to supply the Rough Storage Project and The Morecambe Bay Project, this would be much appreciated.

Yours sincerely,

James Slater,
Director
MARTIN-BLACK PLC

THE MINISTER OF STATE
RT HON HAMISH GRAY MP

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

Direct Line 01-211 3290
Switchboard 01-211 3000

James Slater Esq
Martin Black Limited
Speedwell Works
Coatbridge
ML5 4RS

10th November 1982

Dear Mr. Slater

Thank you for your letter of 28 October. I have carefully considered what you have said, but do not think that there is anything I can usefully add to my earlier letter to you of 3 September. Trade policy is a matter for the Department of Trade and I can only suggest that you take up your request for control of wire rope dumping with that Department. I assure you that the Offshore Supplies Office of my Department will do their best to assist you whenever possible.

Yours sincerely,

Hamish Gray

Our Ref. JS/JD

28th October, 1982.

Rt. Hon. Hamish Gray, MP,
Department of Energy,
Thames House South,
Millbank,
LONDON.
SW1P 4QJ

Dear Mr. Gray,

I must apologise for not acknowledging your letter of 3rd September before now.

Your suggestion of contacting Offshore Supplies and the Department of Trade has previously been recommended to me by others. My discussions with both Departments persuaded me that neither can help. The procedures with regard to dumping are so geared as to discourage an individual company from benefiting from them.

From recent newspaper reports it is clear that our company is not alone in expressing concern about steel imports, and I strongly urge you to join those of your colleagues who share our view and are advocating some form of control.

Time is running out, and I would ask you to re-read the fifth paragraph of the third page of my letter of 22nd July. Decisions are being forced on companies to survive in the short-term which are going to have serious effects on the ability of British Industry in the long-term.

Yours sincerely,

James Slater,
Director.

Pressure stepped up for steel import cuts

BY KEVIN BROWN

MR PATRICK JENKIN, the Industry Secretary, came under renewed pressure in the Commons yesterday for swift action to cut steel imports.

Faced with persistent calls to help the British Steel Corporation, which is losing £7.2m a week, Mr Jenkin refused to give a guarantee that no more plants or jobs would be axed.

But he warned that the Government would not allow EEC countries to take advantage of declining UK production.

The call for controls was led by Mr Teddy Taylor (Con-Southend East) backed by Mr Barry Jones (Lab Flint) who said that unless the industry was protected the sacrifices of the steel towns in accepting closures would be in vain.

Mr Jenkin, who said the cuts had been necessary to restore the industry to health, said that at 28 per cent of the market, import penetration was less than in France (43 per cent) and West Germany (35 per cent).

Mr Jenkin came under angry pressure from Conservative MP Mr Michael Brown, from the steel-making constituency of Brigg and Scunthorpe, who warned that unless imports were stopped the industry's sacrifice would come to nothing "because the steel industry will no longer exist."

The Government should be prepared to flout Common Market rules to protect the industry, he said.

Mr Jenkin said the EEC programme for planned cuts in Community steel-making had to be effective. But he stressed that it must operate fairly.

"We are not prepared to stand by and watch our effort to rationalise production being frustrated because other countries are not prepared to do so," he added.

Miss Joan Maynard (Lab Sheffield Brightside) urged the Government to subsidise energy prices to steel works, and called for an assurance that there would be no more cuts in jobs or capacity.

Mr Jenkin said the Government was studying what aid it could give towards subsidising energy prices.

Mr George Cunningham (SDP Islington) said imports levels for special steels were above 50 per cent and in many areas had reached 80 per cent.

British manufacturers of special steels, which included most private steelmakers, could not survive that level of competition, he said.

Mr Jenkin said he expected a report on special steels to be made to the next meeting of Community industry ministers, in Denmark next month.

Pressure within Cabinet to reduce steel imports

BY JOHN HUNT

STRONG PRESSURE is building up within the Cabinet to reduce steel imports into Britain from both the EEC and other countries.

Mr George Younger, the Scottish Secretary, has had several talks with Mr Patrick Jenkin, the Industry Secretary, urging swift action. Mr Younger is alarmed by the effect any decision to close the Ravenscraig steel plant would have on the Scottish economy.

Mr Jenkin has promised Mr Younger that he will take a tough line with his Community counterparts when they meet in Denmark on November 18.

He will seek a significant tightening of the Common Market's voluntary arrangements to reduce steel imports from other countries and press for further cuts in steel production by Britain's Community partners.

He also wants the agreed pricing rules to be more strictly observed and will complain that while Britain has observed mandatory quotas and made significant cuts in production, other members have not.

The Government has asked British Steel Corporation to suggest ways of reducing its losses now running at £7.2m a week. The possibility of further plant closures has reinforced demands from both the Opposition and from within the Conservative party, for import cuts.

Ministers' intense concern over the steel crisis was shown in weekend speeches. Mr Nicholas Edwards, Welsh Secretary, warned against closing the steel plants at Port Talbot or Llanwern, South Wales. He said they had a competitive reputation.

Mr Teddy Taylor, Conservative MP for Southend East, will press Mr Jenkin in the Commons this week for limits on steel imports from the Community.

"Britain has cut back her capacity by more than one third," he said, "and there is ample evidence to show that the Continentals are cheating."

Mr Denis Healey, former Labour Chancellor, said barriers against imports were vital if British industry, especially steel and cars, were to survive.

It is likely to be several weeks before BSC presents its options and the Government reaches a decision. Meanwhile voices are being raised within the Cabinet in favour of relaxing the corporation's £365m external financing limit and so avoid the need for closures.

It is argued that the expected undershoot of this year's £9.5bn public spending target would help to make this possible.

It is now expected the Government will use the lower level of public spending to announce various measures to help industry.

Our Ref. JS/JD

27th October, 1982.

John Davidson, Esq.,
Confederation of British Industry,
Beresford House,
5 Claremont Terrace,
GLASGOW.
G3 7XT

Dear Mr. Davidson,

Thank you for your letter of 25th October, 1982.

We see absolutely nothing wrong with the CBI in Scotland publicly supporting a campaign against the closure of Ravenscraig. We would strongly recommend that a joint meeting be convened with local employers and Trade Unions, also Regional and District Councils, to which should be invited the Secretary of State for Scotland, Minister of State for Industry and BSC officials to present the bleak picture which will result if Ravenscraig closes. This meeting should encompass small companies who are not members of the CBI, as many of them will go to the wall if Ravenscraig closes. The CBI should endeavour, ahead of such a meeting, to prepare a paper summarising the effects on the Scottish economy of this threatened closure, and arrange for various representatives of each group to be asked to speak on the matter at the meeting. BSC and Government representatives can be asked to explain their position in writing before the meeting so that the Scottish community can be given a chance to appreciate the BSC position.

If Ravenscraig closes, BSC will hardly matter to the CBI in Scotland, and many of the present members may ultimately disappear due to the effect on their own companies. Therefore, we repeat that we see absolutely nothing wrong with the CBI in Scotland supporting a campaign against closure.

Yours sincerely,

James Slater,
Director.

Confederation of British Industry
Beresford House
5 Claremont Terrace
Glasgow G3 7XT
Telephone 041 332 8661
Telex 777057 (CBIGLA-G)

Director-General
Sir Terence Beckett CBE

Director Scottish Office
John Davidson

Scottish Office

CBI CONFEDERATION OF BRITISH INDUSTRY

JAK	K.
JS	JS
JG	JG.
IC	

Our Ref JD/SMD/MC

25 October 1982

I G Cumming
Secretary
Martin-Black PLC
Speedwell Works
Coatbridge
ML5 4RS

Dear Mr Cumming

Ravenscraig

Thankyou for your letter of 19 October.

It was helpful to have the information that the closure of Ravenscraig would represent about 10% of your home sales. But I was paticularly interested in your additional point about the consistency of BSC as a buyer for your product and that this helps you to resist increased competition from overseas. This was not a point of which I had been aware and it was helpful to have it brought to my attention.

As I explained to you on the phone, as BSC is a CBI member it is not possible for us to be identified publicly with any campaign to try and affect their commercial decisions. But we are of course deeply concerned at the implications for the Scottish economy of any change at Ravenscraig and we are in a position to discuss this informally both with BSC and with others who are involved. I am most grateful for your assistance.

Yours sincerely

J L Davidson

JOHN DAVIDSON
DIRECTOR CBI SCOTLAND

Our Ref: IGC/JMJ

19th October, 1982.

John Davidson, Esq.,
Director,
Scottish Office,
Confederation of British Industry,
Beresford House,
5 Claremont Terrace,
GLASGOW,
G3 7XT

Dear Mr. Davidson,

I refer to the telephone conversation which we had yesterday regarding the threatened closure of BSC Plants. In particular, of course, we are concerned with Ravenscraig.

You asked that we should indicate in brief the consequence of such a development. Straight sales from our Plant here in Coatbridge to Ravenscraig constitute approximately 5% of our Home Sales. In addition, the loss of the purchasing power of Ravenscraig will affect adversely other suppliers whose own requirements for our products will, as a result, diminish or disappear. This could mean a loss of another 5% of our Home Sales. Thus, the consequence for us of the closure of Ravenscraig would be the loss of approx. 10% of our Home Sales.

There is a further, perhaps a little less obvious, threat posed by such a closure. BSC cannot be described as opportunist buyers concerned only with short term advantage. Thus, to have them as a substantial customer helps us to resist the increased competition from cheap imported European and other foreign rope supplies. A reduction therefore in our total capability to withstand this foreign competition could mean going out of business and likewise with other British users of steel who, like us, customarily buy from BSC. This, in our opinion, has been happening all along the line and will cut down still further the demand for BSC products and so the vicious downward spiral affecting BSC will be speeded up.

We feel that these considerations and others justify a strong mutual approach by both sides of industry to BSC and the Government, in order by reasoned argument to persuade both parties to abandon any thought of closing Ravenscraig.

Yours sincerely,

I. G. Cumming,
Secretary.

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

Direct Line 01-211 3290
Switchboard 01-211 3000

THE MINISTER OF STATE
RT HON HAMISH GRAY MP

James Slater Esq
Martin Black Limited
Speedwell Works
Coatbridge
Scotland
ML5 4RS

3rd September 1982

Dear Mr. Slater,

Thank you for your letter of 23 August to the Prime Minister. As the Minister responsible for matters affecting the UK offshore supplies industry I have been asked to reply.

I regret that you were so upset over the article in the Financial Times. I fully appreciate the current difficulties facing many of our companies and my own efforts and those of the Offshore Supplies Office have been unstinting in assisting our offshore supply companies wherever possible. They will continue to be so.

Certainly there is keen international competition for the opportunities arising on the UK Continental Shelf. Nevertheless, overall, our industry has done well taking some 70 per cent of the orders over the past 3 years. Given the fact that there are certain high value sectors in which UK industry lacks capability and does not compete eg. installation and pipelaying, this represents a very creditable performance by our existing suppliers. We see no reason why UK industry should not take a similar share of projects which are now being discussed with the Department.

When I express concern over certain aspects of our performance, I have one thing in mind - the good of the industry. There is no doubt that export orders will have to represent a larger part of the workload of our industry if it is to maximise its long-term potential. Our policy from the beginning, has sought to ensure that UK suppliers are given a full and fair opportunity to compete for and win UKCS orders on a competitiv basis. Only thus would we be able to establish an offshore supplies capability able to compete effectively in world markets. Protectionism at home would lead to reciprocal action in markets abroad and would threaten the future of the industry.

Over the years it has frequently been claimed by suppliers that foreign competitors were receiving Government subsidies. The Offshore Supplies Office in 1978 commissioned international consultants to investigate the accounts of several European companies to determine whether the existence of subsidies could be proved. The consultants were unable to establish such a case. We have therefore sought the help of UK industry in providing evidence of subsidies being given to foreign competitors for UKCS work but as yet no evidence has been provided. If you are able to produce such evidence in the case of wire ropes I would be very interested to examine it.

My remarks in the Financial Times were intended to alert our suppliers to the need for keen competitive prices to meet the competition at home and abroad. They were made in the interests of the industry and I stand by them.

I understand your company has had a long relationship with the Offshore Supplies Office. The Office will be only too ready to give you any assistance it can if you would like to discuss these problems further. The contact is Mr Whiteside 041-221 8777 Extension 446.

The question you raise about the possible dumping of wire rope should be taken up directly with the Department of Trade, to which I am copying this letter. I am also sending a copy to the Prime Minister.

Yours sincerely,

Hamish Gray

THE MINISTER OF STATE
RT HON HAMISH GRAY MP

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ
Direct Line 01-211 3290
Switchboard 01-211 3000

James Slater Esq
Martin Black Ltd
Speedwell Works
Coatbridge
Scotland
ML5 4RS

23rd August 1982

Dear Mr Slater

Your letter of 22 July to the Prime Minister has been passed to the Department of Energy for reply. The Minister of State is currently abroad and unfortunately is not able to reply at present. I apologise for the delay and hope to let you have a full reply shortly.

Yours sincerely

S. Haddrill

S HADDRILL
Private Secretary

10 DOWNING STREET

3 August 1982

Dear Mr Slater

The Prime Minister has asked me to thank you for your recent letter which is receiving attention.

Yours sincerely

J Slater Esq
Director
Martin-Black Ltd
Speedwell Works
COATBRIDGE
Scotland
ML5 4RS

Our Ref. JS/JD

22nd July, 1982.

The Right Hon. the Prime Minister,
10 Downing Street,
LONDON.

Madam,

It is with a mixture of anger, disgust and sadness that I read the enclosed article in the Financial Times of July 21st.

Anger that while the Government is ready to give a £2 billion go-ahead to North Sea Projects, it would appear to be threatening to allow all of this business to go to foreign companies, or at least to use such foreign competition to falsely reduce the cost of such projects to the detriment of British industry and to the benefit of the already very profitable oil companies.

Disgust at the statement that Ministers and Energy Department Officials are known to be concerned that U.K. suppliers may not be submitting the lowest possible tenders, especially when foreign companies are not included in the bidding list.

Sadness that your Ministers, by encouraging foreign companies to 'buy' business in the North Sea at uneconomical prices (in order to keep their own countries' Steel Mills running and their own workforces employed), cannot see that you are ringing the death toll on British industry.

Our company manufactures steel wire rope, and used to be a leading supplier of steel wire rope to the North Sea. While we still obtain orders for large diameter steel wire ropes, the price has been 'beaten down' by foreign competition from Norway, Holland, Germany and France, such that 3" Anchor Lines in 1976 sold for approximately £700 per tonne now only sell for £600 per tonne in 1982. This reflects itself in our overall results, as in 1976 our company made a profit of £1,269,000 and in 1981 we made a loss of £550,000.

With/...

With regard to small to medium sized diameter steel wire ropes, we can no longer compete because of this foreign competition. To demonstrate this, I give you the following example.

In October 1981 we approached various rope distributors in the Aberdeen area and asked them at what price we needed to supply 16 mm 6 x 19 Filler Galvanised steel wire rope with Fibre Core in order to meet the foreign competition. We were given a target price of 16 pence per foot. We decided to take some volume on this basis in the knowledge that we were not making any profit or any contribution to our Ropery plant overhead as follows:-

	Cost per foot
Rod	5.3 pence
Zinc	1.2 "
Wire Mill labour	1.0 "
Wire Mill overhead	3.4 "
Wire Mill selling & Admin	0.4 "
Fibre Core for rope	1.8 "
Ropery labour	1.8 "
Ropery overhead	3.0 "
Reels	0.7 "
Carriage to Aberdeen	0.3 "
	18.9 pence
Target price	16.0 pence

In March/April 1982, after rod increases of 25% imposed upon us by Viscount D'Avingon and the EEC with your Government's approval, we went back to the distributors in the Aberdeen area and we were advised that they could now buy the same rope for 15 pence per foot from the foreign competition!!

I challenge your Ministers and Department of Energy to prove to me that our company became less competitive in these 6 months in the above circumstances, and to prove that the foreign competitors are not in one way or another being subsidised or supported by their parents or Governments who are using this opportunity/...

opportunity to sell STEEL (not steel wire rope) into the North Sea in order to keep their own Steel Mills running. I would further suggest that similar situations are continually being encountered by other UK manufacturers outside the rope industry.

Our workforce, over the last 3 years, has been reduced from 744 in 1979 to 490 in 1982. Our productivity has most certainly increased, but we have not become profitable because the savings in wages have gone to meet the exorbitant increases in costs which directly or indirectly are under the control of your Government i.e. Gas, Electricity, Petrol and Oil, National Insurance, VAT, Telex and Telephone, Rates, Postage and our raw material Steel Rod.

Our workforce accepted wage increases of 8% in 1979/80 and 6% in 1980/81. Your Government is only now trying to settle wages at this level in 1982 when British Industry will be trying to avoid any increase in wages.

Against this background, for the Minister of State for Energy to state 'It is not the job or duty of the Supplies Office to featherbed British companies' is to say the least ironic. British companies sure as hell had no say in whether or not they wanted to 'featherbed Electricity Boards, Oil Companies, Gas Boards, Post Office, Local Authorities and Central Government' who were carrying out your policies.

Within the next three to five years if the dumping of steel wire rope does not cease and if British Industry, generally, is forced to reduce its prices to meet the 'false foreign competition', our company will be forced to stop manufacturing and to start importing steel wire rope from Europe, Korea or Japan, and British Industry as a whole, particularly BSC, will be decimated. In our case, at least 400 of our present workforce will then be unemployed and the 3 million plus unemployment today in the country will have risen to 5-6 million.

Accordingly I would ask your Government to actively promote buying 'British' even 'at what might appear to be a premium' both in the North Sea and throughout the country. If your Ministers' concern (re U.K. manufacturing pricing policy where there is no foreign competition) is correct, your Government will benefit through additional Corporation Tax, National Insurance contributions, PAYE, lower losses at BSC and BL (if everyone was encouraged to buy cars from BL) and less unemployment.

There should be positive incentives to U.K. manufacturing companies and to the man in the street to buy British, either through reduced (or abolition completely) VAT on British manufactured goods, abolition of National Insurance surcharge to genuine/...

genuine manufacturers (i.e. not fabricators of foreign components), steel rebates for products used in the North Sea, and if these or other measures cannot save British Industry, a five year ban on imports, particularly those utilising steel.

I hope that I have been able to communicate to you the concern of one U.K. manufacturer which has met your Government's challenge to become more efficient, but whose efforts have been thwarted through no fault of its own.[2]

I would also hope that this letter will rectify the impression which your Ministers and Department of Energy have with regard to the pricing policies of U.K. industry and of the 'foreign competition'.

Indeed I hope it will move you to action to display the same grit and determination in defence of British Industry and the British working man as you have displayed so recently in defence of the people of the Falklands, albeit that this is an economic war, particularly with regard to the steel industry.

Yours truly,

James Slater.
Director.

Government ready to give £2bn go-ahead to North Sea projects

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is to rush through approval of two North Sea development projects to give a £2bn boost to the hard-pressed offshore supplies industry.

Energy Department officials are waiting for formal applications from two consortia for the go-ahead to exploit new offshore fields. The plans, expected within days, will involve the development of:

- The North Alwyn oil and gas field by two French companies, Total and Elf-Aquitaine, at an estimated cost of more than £1bn. Bids for the first of two platforms could be invited later this year.
- The Clyde oil field by a consortium of British National Oil Corporation, Shell and Esso, at a cost of about £950m.

The offshore supply industry, hungry for new orders, has been warned by the Government that it will have to be keenly competitive to combat expected bids from overseas contractors. In recent weeks several comparatively small contracts for North Sea work have been placed abroad.

On one occasion, an unsuccessful UK bidder offered to lower his price by about 10 per cent once it was known the contract was likely to be awarded to a foreign competitor.

Ministers and Energy Department officials are known to be concerned that UK suppliers may not be submitting the lowest possible tenders, especially when foreign companies are not included in the bidding list.

The offshore supplies industry countered that it sometimes faced unfair competition from foreign suppliers apparently receiving financial assistance from governments or parent companies.

Mr Ronnie Custis, director of the Energy Industries Council—a leading trade association in the oil and process industries—said: "The evidence suggests British suppliers are competitive in most respects.

"But there are instances of tenders where it would be impossible for some of our foreign competitors to produce at the prices they allege."

Mr Hamish Gray, Minister of State for Energy, said the Government's Offshore Supplies Office ensured UK companies had a full and fair opportunity to bid for all orders. The scheme had been successful in providing the UK industry with a 70 per cent share of contracts.

He pointed out that overseas companies were constantly trying to break into the North Sea market. "It is not the job or duty of the Supplies Office to featherbed British companies."

Mr Gray said that after the cyclical hiatus in North Sea ordering — a dearth of orders now threatening the jobs of hundreds of workers in the supplies industry — offshore development was about to receive a boost.

Several field development schemes were on the cards, he said. They included Clyde, North Alwyn, Marathon's Brae B development, and Sun's Balmoral field.

North Alwyn is expected to be the first project submitted for approval. Total and Elf are thought to have finalised most of the details.

The field's gas is to be transported ashore to St Fergus in Scotland via the Grigg Line and sold to British Gas Corporation at well above 20p a therm. The field's oil will be transported through the Ninian pipeline to Shetland. It is also thought that Texaco has agreed to sell its tiny stake in the field to Total and Elf.

Initial orders for the North Alwyn development should help push the value of UK offshore contracts this year to about £3bn, slightly up on last year.

British Gas contracts go to Scotland, Page 8

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KEY+8739393+
MOORLT RS39393
77376 MBWRLS G   8.11.82   TLX NO 4388/82

ATT C[illegible]IS REYNOLDS
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SUMMARY OF CABLE LAID SLINGS SOLD TO DATE

CUSTOMER	NO OFF SLINGS	DESCRIPTION	WT KILOS	VALUE
2/6287/81				
MONTREAL ENG	4	90 FT 6'' DIA		
	16	90 FT 7''		
	16	90 FT 8''		
	8	90 FT 9''		
M	4	90 FT 10''		
	4	70 FT 7''		
	4	45 FT 8''		
	4	50 FT 9''		
	4	120 FT 8''		
	---		--------	---------
	64		351,068	283797.73
2/6112/82				
MONTREAL ENG	4	60 FT 10''		
	2	40 FT 9''		
	2	40 FT 8''		
	4	70 FT 6''		
	4	50 FT 6''		
	4	40 FT 6''		
	8	70 FT 5''		
	--		------	--------
	28		89,086	96398.91
2/6591/81				
HEEREMA	8	46 FT 6''	12,984	18440.00
2/6266/82				
ATRACON (MC DERMOTT)	4	90 FT 6''	11,488	14095.60
2/6394/82				
P.S.C FREYSSINET	4	8.5 MT 5.1/4''		
	4	7.9 MT 5.1/4''		
	--		-----	--------
	8		7,884	14880.00
2/6519/82				
HOWARD DORIS	1	61.64 FT 6.3/4''		
	1	60 FT 6.3/4		
	1	64.6 FT 6.3/4		
	1	62.96 FT 6.3/4		
	-		-------	-------
	4		10,231	15740.00
2/1507/82 RAYMOND BILLS	2	25 FT 6.1/2	2,504	10814.00
	---		--------	---------
	118		485245	454166.24

REGARDS
JIM SLATER

MOORLT RS39393
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8812671 BRRTCW G
ZCZC LXD308 01.12.82 20.24 CW2206
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.MM0700

W/O 6638

TO: MARTIN BLACK LTD TLX 77376
ATTN: EDDIE BELL

FM: BROWN AND ROOT COLLIERS WOOD LONDON TLX 8812671

CW: 18892 1ST DECEMBER 1982 LH

THIS IS BROWN AND ROOT UK LTD MATERIALS MANAGEMENT SERVICE GROUP AS AGENTS FOR BROWN AND ROOT S.A. BAHRAIN

SUBJECT: OUR ENQUIRY NO: ME 2426/270-03789
YOUR QUOTE NO: 3427/82 DATED: 8 SEPT 1982
CONFIRMED VALID BY TELECON WILSON/BELL ON 1.12.82
PURCHASE ORDER NO: 017 0270 004 00001

PLEASE ACCEPT THIS TELEX ORDER AS AUTHORITY TO PROCEED WITH THE SUPPLY OF THE FOLLOWING ITEMS

ITEM	QTY	DESCRIPTION	UNIT PRICE
1	4	5.5 INCH DIAMETER X 80 FOOT MATCHED LENGTH 6 X 25 IWRC RT HAND REGULAR LAY CABLE LAID WIRE ROPE SLINGS, WITH 10 FOOT MAKLOK EYE LOOP TERMINATIONS AT EACH END AND EXTRA SEIZING ON EYES. NON GALVANISED IMPROVED PLOW STEEL (REQN ITEM 1)	PNDS 2707.73

TOTAL ORDER VALUE: PNDS 10830.92

THE TERMS OF THE ABOVE ARE:

F.O.B. UK PORT

DELIVERY DATE: 22 DECEMBER 1982

TEST CERTIFICATES: 3 COPIES A.B.S. CERTIFICATION PRICE INCLUDED.

INSPECTION: NOT REQUIRED.

METHOD OF PACKING: SUITABLE FOR SEAFREIGHT

SHIPPING INSTRUCTIONS: WILL BE GIVEN FOLLOWING RECEIPT SHIPPING DETAILS AND TEST CERTIFICATES.
MARKING INSTRUCTIONS: BROWN AND ROOT S.A. BARGE: HERCULES 270
BAHRAIN/ IN TRANSIT P.O NO 017 0270 004 00001
MADE IN UNITED KINGDOM.
GROSS WEIGHT .... KGS
NETT WEIGHT .... KGS
DIMENSIONS .... CMS
PIECES NO 1/UP

BROWN AND ROOT STANDARD TERMS AND CONDITIONS WILL APPLY TO THIS CONTRACT.YOUR PURCHASING CONTACT THIS ORDER WILL BE MR D R WILSON

PLEASE TELEX BY RETURN YOUR ACCEPTANCE OF THIS ORDER AND ADVISE US OF YOUR WORK ORDER NUMBER.

OUR OFFICIAL CONFIRMING PURCHASE ORDER WILL FOLLOW ON RECEIPT OF YOUR TELEX REPLY.

REGARDS
C N SMITH - PURCHASING SUPERVISOR.

CC: EXPEDITING/TRAFFIC

ENDS
+
77376 MBWRLS G
8812671 BRRTCW G

PURCHASE ORDER

BROWN & ROOT (UK) LTD. RECEIVED 9 DEC 1982

BROWN & ROOT HOUSE,
125 HIGH STREET, COLLIERS WOOD, LONDON SW19 2JR
Telephone: 01-540 8300 Telex: 8812671/2

VAT No. 216 6986 33
Registered in England No. 645125
Reg. Office: BROWN & ROOT (UK) LTD
82 PALL MALL, LONDON, SW1Y 5HH

PAGE 1 OF 4

DATE [redacted] 7.12.82

ORIGINAL NOTIFICATION	CONFIRMATION
	X

SHIP TO To be advised by Brown & Root (U.K.) Ltd., Traffic Dept., and in accordance with BAH/SEA/BARGE

Number below must be shown on all shipments, invoices and correspondence.

SHIP VIA As Above

F.O.B. UK Port

SHIPMENT PROMISED BY	TERMS	REQ. No.	JOB No. & ACCOUNT
22.12.82	N.M.A.	270-03789	17-1218-007 (002) MM 0700

P.O. No.
017-0270-004-00001

TO

Martin, Black & Co. (Wire Ropes) Ltd.
Speedwell Works
COATBRIDGE
Strathclyde
ML5 4RS
Attn: Mr. E. Bell Tel: 0236-22566 Tlx: 77376

Vendor will sign and return carbon copy of this purchase order accepting all terms and conditions under which it is issued within five days.

Please render invoices for payment in duplicate.

The Terms and Conditions set out on the back hereof and any attachments hereto are a part of this order and have the same effect as if set out on this side.

QUANTITY	UNIT	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT
			Project Purchase Order No. 017-0270-004-00001-1218-00		
			This Order is placed by Brown & Root (U.K.) Ltd. as Agents for Brown & Root S.A. Bahrain		
4	Each	1	Matched Length Cable Laid Slings in Non-Galvanised Improved Plow Steel, 5.5 inch dia., 6 x 25 IWRC Rt Hd Regular Lay Wire Rope. 80'-0" long with 10'-0" Maklock Eye Loop Terminations at each end and with extra Seizing on the eyes. (Reqn. Item 1)	£ 2,707.73	£10,830.92
			TOTAL VALUE OF ORDER		£10,830.92

Prices

The above prices include for delivery F.O.B. UK Port. Point of delivery in accordance with INCO Terms 1953, Latest Edition.

The above prices which are as stated in your telex quotation ref. 3427/82 dated 8th September 1982, are fixed and firm for the duration of this contract and not subject to escalation.

DRW/mcp
D395T (19B)

INTENDED USE OF MATERIAL O.N.G.C. Blow-out of SJ Platform Replacements (Reimbursable)

REQUISITIONER R.E. Merren

BROWN & ROOT (UK) LTD
As Agents for Brown & Root S.A. Bahrain
By C. N. Smith
PURCHASING MANAGER
C.N. SMITH
Purchasing Supervisor

VENDOR'S COPY

P.O. No.
017-0270-004-00001

BROWN & ROOT (UK) LTD. Reps. for
As Agents for Brown & Root S.A. Bahrain

PURCHASE ORDER CONTINUATION SHEET

QUANTITY	UNIT	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT

The material is for export to BAHRAIN and is exempt from VAT (Zero Rated). Brown & Root Traffic department will provide Certificates of Shipment.

This order confirms the telephone conversation between our Mr. D.R. Wilson and your Mr. E. Bell on 1st December 1982 at which time prices and delivery herein were verified and also confirms our telex ref. CW 18892 dated 1st December 1982. DO NOT DUPLICATE.

Conditions of Purchase

This order is subject to the printed Standard Terms and Conditions on the reverse of Page 1 of this order.

Country of origin of material: U.K.

Export Procedures

Vendor to supply the full eight digits of the Customs Co-operation Council Nomenclature (CCCN) against each item and should be made available at the initial contact by the Traffic department.

Expediting

Brown & Root reserve the right to request and receive any reasonable amount of information pertinent to this Purchase Order, including the identity of sub-contractors and/or sub-suppliers.

In addition, Brown & Root reserve the right of access to all manufacturing facilities providing due notice has been given for the purpose of ascertaining whether or not satisfactory progress has been achieved.

Test Certificates

Three (3) copies of all A.B.S. and Manufacturers Wire Rope Certificates. Certificates to be duly endorsed with B&R P.O. No. and Item No. and are to be mailed to:-

ALL TERMS AND CONDITIONS SHOWN ON THE FACE AND REVERSE OF THE SIGNED SHEET OF THIS ORDER ARE EFFECTIVE COVERING THE ABOVE ITEMS AS THOUGH REPEATED HEREON

P.O. No.
017-027[redacted]-00001

BROWN & ROOT (UK) LTD. Reps. for
As Agents for Brown & Root S.A. Bahrain

PURCHASE ORDER CONTINUATION SHEET

QUANTITY	UNIT	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT

Brown & Root (UK) Ltd.,
Brown & Root House,
125 High Street,
Colliers Wood,
London
SW19 2JR
Attention: Mr. C.N.Smith

Test Certificates to be received in this office prior to release of materials for shipment.

Inspection

This Purchase Order is subject to A.B.S. Inspection. Brown & Root (U.K.) Ltd., will not be Inspecting.

Quality Assurance/Quality Control

Inspection, examination and/or witness tests of workmanship and performances of all material specified in this Purchase Order shall be carried out by A.B.S. and/or their representatives, at all reasonable times.

Such inspection, examination or testing shall not release the vendor from any obligations under the contract.

Shipment, Material Marking and Documentation

The details contained in the attached instructions ref. BAH/SEA/BARGE are an integral part of this order and are to be strictly observed. (*) In connection with these Instructions, note this equipment is to be marked for Barge "Hercules S.270".

Movement details will be given by our Traffic Department. No deliveries are to be made by vendor without prior reference to Brown & Root Traffic Department, contact Mr. C. Corbett Tel. No. 01-540 8300 or Telex No. 8812671.

NOTE: FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN DELAY IN SETTLEMENT OF INVOICES.

P.O. No.
017-0270-004-00001

BROWN & ROOT (UK) LTD. Reps. for
As Agents for Brown & Root S.A. Bahrain

PURCHASE ORDER CONTINUATION SHEET

QUANTITY	UNIT	ITEM	DESCRIPTION	UNIT PRICE	AMOUNT

Invoicing

All invoices must be submitted in triplicate and identified as follows:-

Purchase Order Number 017-0270-004-00001

Invoices must be submitted and will be paid in the currency stated herein. Failure to comply with these instructions may result in delay in payment of invoices.

Invoices are to be addressed to:-

Brown & Root (UK) Ltd.,
Olympic House,
200 The Broadway,
Wimbledon,
London,
SW19

Attention: The Accountant, Engineering Group Accounts

Any change to details of this order requires confirming approval in the form of our official change order.

It is a condition of this Purchase Order that you sign and return the attached "Acknowledgement" within five (5) days of receipt of this order, quoting your works reference number.

Attachments

Shipping Instructions BAH/SEA/BARGE.

James Buchan in Bonn examines the parlous state of, and grim prospects for six major producers

Steel industry pushed to brink of catastrophe

THE RECENT decision by the shareholders of Hoesch, the West German steelmaker, to end its painful 10-year alliance with Hoogovens of the Netherlands was greeted by one excited shareholder as an "early Christmas" for the company and the city of Dortmund. But shareholder Herr Kurt Fiebich's outburst in Dortmund has been the only sign of Christmas spirit in West German steel.

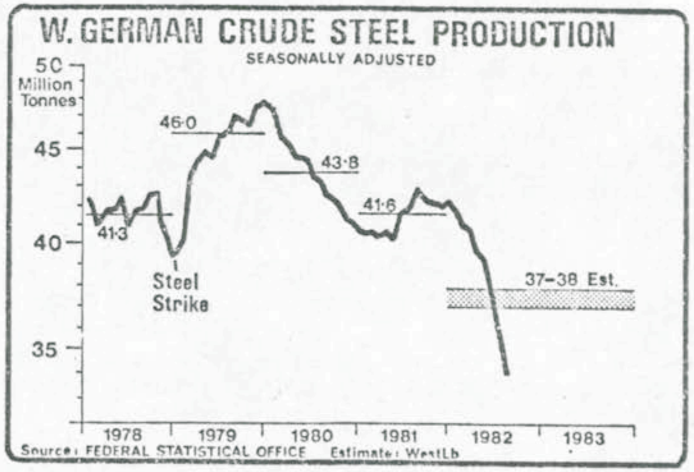
The six major steelmakers of the Ruhr, the Saarland and Salzgitter, who have learned to live with a state of crisis over the past seven years as well as any in Europe, are now talking of a catastrophe. Production has plummeted since the beginning of the year and up to half of the 200,000 and over steelworkers in West Germany will be on short time by the New Year.

The feeble little rally in profitability in the first quarter, brought on by EEC price rises of a total of DM 240 (£59) per tonne, has given way to a relapse. The West German steel industry, according to a study by Westdeutsche Landesbank, is suffering heavy losses. Experts estimate that the companies are each losing an average of DM 100m a month.

The renewed collapse in steel demand has brought one producer, the Saarland subsidiary of Arbed, the Luxembourg concern, to the point of insolvency and endangered plans to secure a future for Hoesch (and Dortmund) through a merger with Krupp Stahl, to be known as Ruhrstahl. It has also brought a chorus of bitter complaints against what the West German producers consider the unfair working of the EEC's steel crisis régime.

Two weeks ago, Dr Diether Spethmann, chief executive of Thyssen and chairman of the producers' federation, write to Count Otto Lambsdorff, the Economics Minister, that the European Commission was driving West German steel deeper into crisis. He accused Brussels of permitting a disproportionate share of non-EEC steel products to flow into West Germany — accounting for some 20 per cent of the domestic market, according to one estimate — and called for a border tariff against these products should Brussels not come up with an overall agreement.

The producers' federation has consistently argued that Brussels was doing nothing to stop other European governments from using subsidies, originally designed for restructuring purposes under the EEC crisis regime, to prop up outmoded plants or excessive capacity. These subsidies, estimated by the West Germans at DM 80bn since 1975, have allowed other European producers to undercut the West German industry by up to DM 200 per tonne, according to Dr Spethmann.



Thus, when the U.S. sought a sharp limit on imports of European steel on the grounds of subsidy, the Bonn Government and the West German producers fought with unusual savagery to secure the best possible deal for the "innocent" West German industry in the deal finally reached last month.

Bonn has paid out subsidies, however, despite the hostility of Count Lambsdorff to state aid. Under a 1978 plan, the Saarland companies were restructured under the wing of Arbed and have so far received over DM 2bn in grants and guarantees. Count Lambsdorff complained bitterly last month that this sum was lost and, despite a further DM 150m in federal and regional aid on November 10, Saarland officials now say that Arbed Saarstahl (as the industry is now known) needs yet more immediate aid if it is to survive the year.

Bonn is making further short-term assistance and its share of a further DM 500m in aid up to 1985 is contingent on sacrifices by the 20,000-strong workforce, Arbed itself and the banks holding up to some DM 3bn in the company's debt —although there is little sign that these will be forthcoming.

"The Federal Government cannot let the light go out in the Saar," an independent steel expert said, especially as Arbed Saarstahl is the region's second largest employer. The unemployment rate in the Saarland is approaching 12 per cent.

With the entire West German steel industry clamouring for aid for investments of DM 14bn up to 1985, however, the Federal Government is looking for a hard bargain in the Saarland. Equally, there is a strong feeling that the original concept is too optimistic, that 3,500 job cuts will not be enough and that the DM 600m modern steel works built with official aid can never be fully operational in the face of a shrinking market.

The future of Ruhrstahl is also uncertain. The basis of the concept is that Hoesch is strong in steel finishing [illegible] that Dortmund is ill placed as a centre for crude steel production. It would seem logical for Krupp Stahl to supply the crude steel blocks for finishing, as Hoogovens had earlier.

The problems of bringing together two concerns with a combined work force of 80,000 and nearly 10m tonnes of crude steel capacity have proved daunting.

Meawhile, all the producers have been driven by the crisis to consider forms of cooperation, many of them old ideas from the 1960s, and not necessarily favourable to Ruhrstahl. The announcement by Thyssen and Krupp Stahl that they were considering merging their special steels operations had "badly disturbed" progress towards Ruhrstahl, said Dr Detlev Rohwedder, the Hoesch chief executive.

Many in the industry believe that of the combinationsh being talked about, Ruhrstahl is the least likely to come to fruition in its present form.

What is certain is that the West German industry, which has a theoretical capacity of over 50m tonnes of crude steel, will not be able to dispose of even 40m tonnes for the indefinite future and that thousands of jobs still have to go.

Steel: facts need facing

Not even the "pros" can figure out where we are trying to go. Confusion reigns. J.J.

THE CLOSURE of the Round Oak steel works in the West Midlands is more than a local disaster. It is a sharp reminder of the crisis that has overtaken the world's steel industry in recent years. It is also a warning of what may be in store unless the industry adapts to profound changes in the pattern of its markets.

Round Oak appears to have been the victim of certain special factors, aggravated by the recession. Its management claims that it could have kept out of the red operating at no more than half capacity. If that could be said of the rest of the industry in Britain and elsewhere, it would be well on the way to economic viability.

Recession

In Britain the steel crisis has been especially acute; the depth of the recession and the strength of sterling have had a crippling effect on the steel-using industries. The difficulty for the Government, British Steel Corporation and the privately-owned steelmakers is to judge how permanent the contraction of their customers in motor vehicles and engineering will be. Further rationalisation in both public and private sectors is unavoidable, but the cutbacks must not be taken so far as to prejudice the ability of the steel industry to respond to an upturn in demand when it finally arrives. Very similar considerations apply in the rest of the European Community; short-term assistance has to be geared towards a realistic view of the long-term demand for Community steel.

Such is the thinking behind the Davignon plan to nurse the Community's steel industry back to health. Its main ingredients are fixed minimum prices, output quotas for individual producers, and restraints upon imports from countries outside the Community. In addition the ten member governments have undertaken to phase out steel subsidies by 1985.

In its initial phase the plan, named after Viscount Etienne Davignon, the Commissioner responsible for industry, showed some signs of succeeding. Events are now threatening to blow it off course. Prospects of a firm industrial recovery in the Community or the world at large look dim. Competition in export markets is either becoming fiercer or has been distorted by arrangements such as the deal limiting the Community to 5 per cent of the U.S. steel market.

Within the Community complaints are increasing that the cartelised prices are being circumvented by a variety of devious measures. Everybody is jockeying for the largest possible production quotas. The prospect that governments will really adhere to the agreement to abolish subsidies within three years are looking dimmer week by week.

In Germany, where steel imported from other Community countries and from the outside world has taken 40 per cent of the market, representatives of the steel industry are openly calling for restraints on imports. Similar pressures elsewhere are going to be inevitable. Giving in to them would strike at the roots of the Community.

To avoid a *debacle* the controls over pricing and production levels envisaged in the Davignon plan have to be made as water tight as can be; cheating has to be eliminated. They must also be handled with the utmost flexibility to take account of market conditions, such as the collapse of demand in the second half of this year.

Beyond that, the long term prospects of the industry have to be assessed with the utmost realism. That is, in the first place, the duty of managements. But public involvement in steel is so deep in most countries that the future structure of the industry is bound to be influenced by political decisions.

Capacities

At a meeting of the industry ministers of the Ten in Elsinore today, Viscount Davignon will be pleading for more courageous closure programmes than hitherto submitted. He assumes that on present plans capacities of 200m tonnes a year will be available in 1985 to meet demand for no more than 142m tonnes. That will require a measure of equality of sacrifice; the Germans, for instance, though their efficiency is not disputed, will have to think hard before rescuing one of their smaller producers now in danger of insolvency.

Closures alone will not serve unless they are also calculated to cut costs, for instance by concentrating production in units of maximum flexibility. Moreover, panic is a poor counsellor. The present conjunctural trough will not last for ever. Nor will some special factors, such as the high sterling exchange rate which has hobbled the British industry for many months. The objective must be an industry which can stand on its own feet without subsidy and can take advantage of the upswing once it comes.

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Steel users favour big cuts in capacity

BY IAN RODGER

STEEL consumers have declared themselves firmly in favour of further substantial cuts in the country's steel-making capacity.

"Refusal to face up to this problem of eliminating excess capacity would only add to either steel users' costs or tax-payers' bills," Lord Marsh, chairman of the British Iron and Steel Consumers' Council, said yesterday.

Lord Marsh said the output of the main steel consuming industries—mechanical engineering, construction, motor vehicles and metal goods—had fallen massively since mid-1979, and there were no medium-term forecasts indicating that British Steel Corporation's existing capacity would soon be fully utilised.

Unless cuts were made, British Steel's operating costs would remain high and be passed on to its hard-pressed customers.

"To put British steel users at a disadvantage by depriving them of access to steel on the same terms as are available to their competitors would make no economic sense."

Lord Marsh also expressed concern about recent calls for tighter restrictions on steel imports.

"Two-thirds of our imports come from other EEC countries. There are elaborate pricing rules governing sales within the EEC. The Commission needs to deal more effectively with breaches of them.

"The rest are already subject to controls on price and, in many cases, quotas. There is a real danger that further restrictions on them would provoke retaliation against the exports of (British) steel producers. Every country which supplies us with steel buys substantially more of the exports of our steel using industries."

Lord Marsh recognised that the Government, which is studying with British Steel the question of further major capacity closures, might decide that the social consequences of further retrenchment were intolerable. In that case, "the costs involved should be identified and compensated for, and not imposed on steel users in the form of higher prices."

Lord Marsh also said he saw no justification for any steel price increases next year. Users' profit margins were seriously eroded by steel price increases imposed early this year and their markets remained depressed.

The steel using industries provided 15 times as many jobs and exports as steel producers, he said.

"No useful economic purpose would be served by protecting the steel industry at the expense of its customers. That would simply be to transfer unemployment from steel to engineering workers."

Parliament, Page 10

Exhibition wins orders £½m for small compa

BY TIM DICKSON

BETWEE

SECRETARY OF STATE FOR SCOTLAND

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Willie Rickett Esq
Private Secretary
10 Downing Street
LONDON SW1

13 December 1982

Dear Willie

As agreed I enclose briefing material for the Prime Minister's meeting with Mr Tom Clarke MP, tomorrow afternoon, to discuss the closure of the Speedwell Wire Company Ltd, Coatbridge.

Mr Alex Fletcher will attend, and will come to the Prime Minister's room at the House just before 3.45pm.

Yours, Muir.

A MUIR RUSSELL
Private Secretary

NOTE 1

CLOSURE OF SPEEDWELL WIRE CO LTD, COATBRIDGE

1. The Speedwell Wire Co Ltd - a subsidiary of Martin Black PLC - employs 150 people at Coatbridge in the manufacture of high tensile steel wire. The closure of the company was announced on 3 December, the firm reporting that because of over-capacity in the UK non-alloy steel wire-drawing industry, it was no longer able to find external customers for a sufficient volume of wire to make it economic to retain its own wire drawing capacity.

2. Speedwell is one of a number of companies participating in a Self-Help Sectoral Levy Scheme whose applications for financial assistance under the Government's Private Sector Steel Scheme has been approved by the Secretary of State for Industry. The Levy Scheme is designed to reduce significantly the excess capacity that exists within the non-alloy steel wire-drawing industry and alleviate the heavy burden of overhead costs currently borne by many of the companies in the sector.

3. Like the Government's Private Sector Steel Scheme it is intended to assist the revival of a healthy and efficient private sector steel industry by helping companies to undertake rationalisation and restructuring of their operations. Under the Government's Scheme assistance is offered towards closure and rationalisation costs (including redundancy payments) and re-equipment and re-building projects, as well as more comprehensive restructuring projects which may involve more than one company (whether in a merger, takeover, a joint venture or voluntary rationalisation scheme). It is complementary to other measures being taken at both national and EEC level to promote restructuring of the steel industry and to create a more economic and competitive environment in which steel-producing undertakings can survive and prosper.

Line to Take

4. The closure of Speedwell is the result of a commercial judgement reached by the private sector where the industry is approaching rationalisation on a co-ordinated basis and where a substantial element of the scheme involves investment to make the remaining businesses more efficient. It is very much regretted that jobs will inevitably be lost, but radical action of this kind is essential to safeguard the long term future of the industry. It is, of course, for each company to make up its own mind whether or not to participate in such a scheme and it is not for the Government to intervene where the industry itself identifies which plants will continue operation and which will close.

5. The effect on the area of further redundancies is regrettable (present unemployment rate 19.5%, Scottish average 15.1%) but of course the full range of incentives to new industrial investment is available and the SDA is very active in the area.

SEPD,
13 December 1982

NOTE 2

SCOTTISH DEVELOPMENT AGENCY ACTIVITIES IN COATBRIDGE AND MOTHERWELL

Coatbridge

The SDA Board has approved an integrated project in Coatbridge costing £14.265 million of which £10.715 million will be provided by the SDA. The Scheme is, however, subject to satisfactory agreements being reached with the local authorities. The probable launch date is early 1983, and the project will run for 3 calendar years thereafter. It is expected to generate 800 jobs and encourage private investment of £6m - £8m of which £4 - £6 million will be in respect of private sector housing.

Motherwell

On 15 April 1982, Mr Fletcher announced a £57 million investment scheme to revitalise the Motherwell area and create 3,500 jobs over the next 5 years. The project, sponsored by the SDA, Strathclyde Regional Council and Motherwell District Council is the largest business project of its kind in Scotland.

Large sums of money will be spent on a new factory building project, roads and sewage systems will be laid, a food distribution estate will be set up and a £2 million workshop development will be established.

SEPD
13 December 1982

NOTE 3

GOOD NEWS ITEMS FOR MOTHERWELL, COATBRIDGE AND AIRDRIE

Motherwell Bridge of Motherwell has won a £5.8m contract to build oil storage tanks for the Libyan Petroleum Marketing Company.

Satchwell Sunvic of Motherwell and Slough have won an order worth more than £100,000 for Temperature Controls, through its agents in Norway.

Loadtech Micro, the microprocessor company at Motherwell, is expanding, and will create 45 new jobs over the next three years.

W Purdie Ltd, Coatbridge has been awarded a contract by the SDA worth £350,000 for the construction of two 10,500 sq ft factories in Airdrie. Between 60 and 70 jobs are expected to arise.

The Philips factory at Airdrie is to provide £2m worth of printers for the Royal Bank of Scotland.

SEPD
13 December 1982

NOTE 4

R B Tennant Ltd, Coatbridge

1. It is possible that at the meeting Mr Clarke may refer to the future of R B Tennant Ltd, Coatbridge.

2. This company, a member of the Johnson & Firth Brown Group, manufactures iron and steel rolls and provides employment for 350 people. Earlier this year Johnson & Firth Brown and BSC announced the merger of their steel making, hot forging and ancillary processes in and around Sheffield. As a result, the closure of Parkhead Forge, with the loss of 375 jobs, was announced.

3. The future of R B Tennant Ltd is uncertain, since there was some measure of interlinking with the Parkhead Forge. The Chairman of Johnson & Firth's Steels Division has stated, however, that the Group was still negotiating a satisfactory financial package on the BSC/JFB merger and until that is completed, they were unable to turn their attention to the structure of the cast roll companies including R B Tennant. It is likely to be early February before their thinking on Tennant's future can be clarified.

SEPD
13 December 1982

B/F

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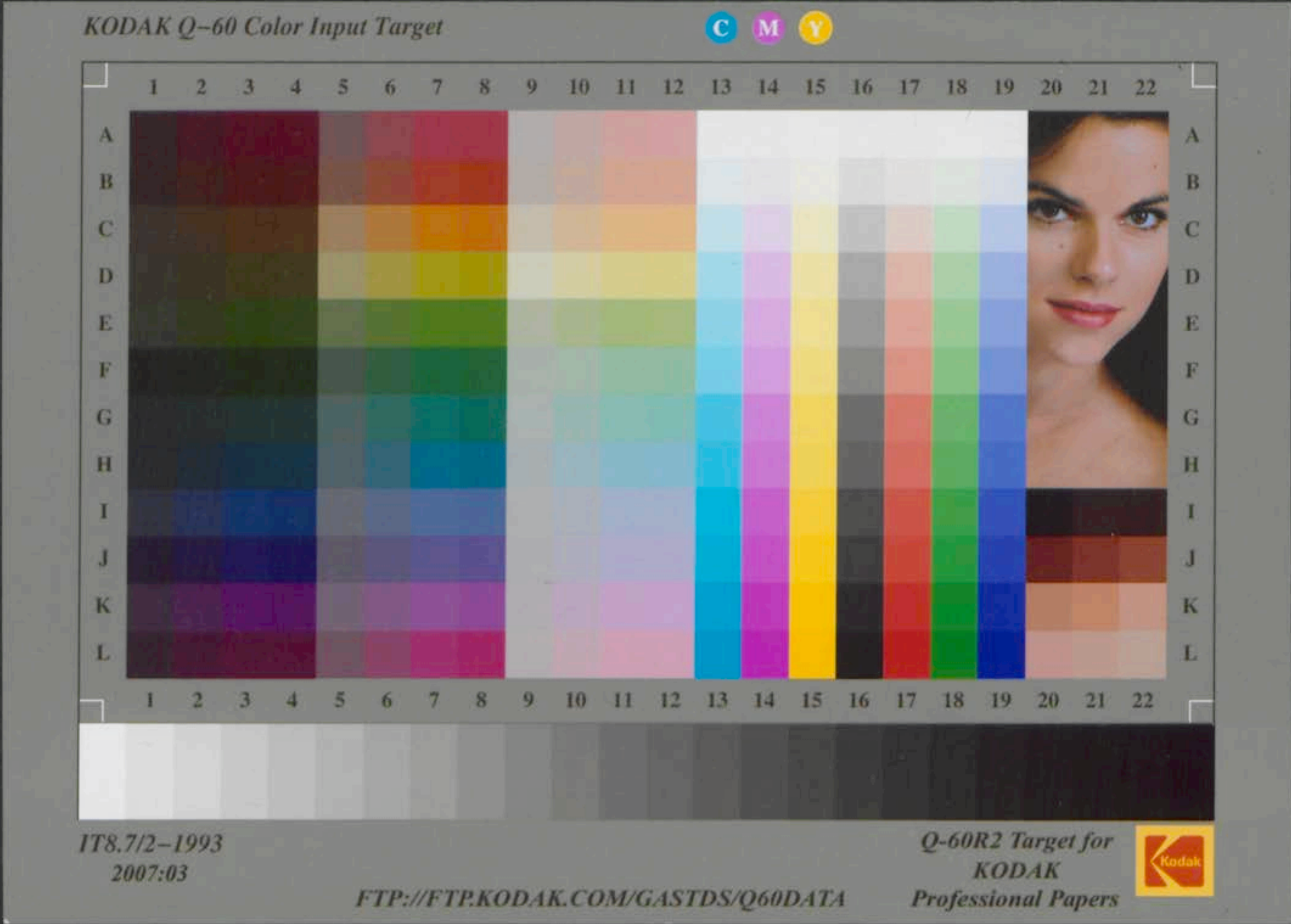
PRIME MINISTER

c. Mr. Gow
Miss Stephens

As I mentioned, Tom Clarke, MP, rang this afternoon about the closure of Martin Black's, a firm making wire ropes at Speedwell in his constituency. The closure will involve the loss of about 150-175 jobs.

I have arranged for him to see you at 1545 next Tuesday in your room at the House. Alex Fletcher will be present and will let you have a brief on Monday.

9 December 1982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