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Subject filed on  
Steel Ind: Nat Ind:  
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**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 216/80**

31.10.88

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BONN FROM LONDON  
CONFIDENTIAL GOVERNMENTAL 0024  
MESSAGE TO CHANCELLOR SCHMIDT FROM THE PRIME MINISTER

BT

DEAR HELMUT,

I AM GLAD YOU TELEPHONED LAST NIGHT ABOUT THE COUNCIL MEETING ON STEEL IN LUXEMBOURG. LIKE YOU VE ATTACHED GREAT IMPORTANCE TO GETTING THE RIGHT RESULT.

AS I PROMISED, I MADE IMMEDIATE ENQUIRIES. I UNDERSTAND THAT THERE WAS A GENUINE MISUNDERSTANDING OVER WHAT THE COUNCIL HAD AGREED ON 25 OCTOBER ABOUT STEEL TUBES. I AM GLAD THAT THE AGREEMENT REACHED LAST NIGHT INCLUDED A SATISFACTORY COMPROMISE ON THAT ASPECT.

AS YOU KNOW WE AGREED TO THE QUOTA SYSTEM UNDER ARTICLE 58 OF THE ECSC TREATY AFTER MUCH HEART SEARCHING. WE SHARE YOUR BELIEF IN THE IMPORTANCE OF A LIBERAL ECONOMIC POLICY, BUT THE CRISIS IN THE STEEL INDUSTRY IS VERY SERIOUS AND IN THE ABSENCE OF AGREEMENT AMONG PRODUCERS THEMSELVES THERE WAS THE RISK OF A MAJOR COLLAPSE WHICH WOULD HAVE BEEN VERY DAMAGING TO OUR ECONOMIC STRATEGY.

YOURS SINCERELY,

MARGARET THATCHER

BT