



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

C O N F I D E N T I A L

PRIME MINISTER

TALBOT AND IRAN

I have seen Keith Joseph's minute of 2 May about the risk to Talbot UK which would flow from the application of sanctions against Iran.

Our industrial reputation in Scotland rests on four initiatives by our predecessors: the pulp and paper mill at Fort William, the Ravenscraig steel plant, British Leyland at Bathgate and Talbot at Linwood. The pulp mill at Fort William is to close. I need not say much about British Steel and British Leyland.

Wilfully and deliberately to take action which could destroy car-making at Linwood, the only such operation in Scotland, would be to my mind disastrous to our political position in Scotland, quite apart from the social and economic effect in an area with a rate of male unemployment just short of 10 per cent.

It follows that Keith Joseph has my unqualified support in arguing that we should honour existing contractual obligations and confine sanctions against Iran to new business.

I am copying this minute to members of OD and to Sir Robert Armstrong.

C.Y.

6 May 1980

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