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10 DOWNING STREET

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From the Principal Private Secretary

18 February 1981

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DUPORT LIMITED

Your Secretary of State called upon the Prime Minister this morning to report briefly on the position of Duport Limited. Mr. Binning was also present.

The Prime Minister said that she was very concerned that by pumping public money into the British Steel Corporation, the Government was indirectly bringing about increased unemployment in the private sector steel industry. She was particularly alarmed at the prospect of the possible closure of Duport's works at Llanelli. We should consider whether Duport's immediate difficulties could not be overcome by diverting £7 million from the public money allotted to BSC.

Sir Keith Joseph said that whether the works at Llanelli were bought or not, they would close. The purpose of the Phoenix scheme was to get the right balance in our steel-making capacity and this involved closing down parts of both the private and public sectors. It was not for him to tell the Chairman of BSC what he should pay for Duport's steel assets.

Mr. Binning said that he had just had a telephone conversation with the Chairman of BSC, and Mr. MacGregor had undertaken to talk to the Chairman of the Midland Bank immediately about Duport's position. This news would be passed on to the Duport Board straightaway. It gave everybody more time.

The Prime Minister said that she would be grateful if your Secretary of State would continue to keep her in touch with developments.

C. A. WHITMORE

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