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**DEPARTMENT OF INDUSTRY
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PS/ *Secretary of State for Industry*

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

20 February 1981

Prime Minister

*You will still
need to write to
the Llanelli workers
(attached).*

Dear Tim

DUPORT'S LLANELLI STEEL WORKS

... As requested in your letter of 19 February
I enclose a revised draft letter for the
Prime Minister to send to the Secretary
of the Joint Works Committee of the Duport's
Steel Works. *12*

As I explained on the telephone Duport
intend to tell the Llanelli workforce that
the Works is to close at about 2.30pm on
Monday 23 February. You may wish to arrange
for delivery of the Prime Minister's letter
to take account of this announcement.

The good news is that the Duport Group as
a whole is not going into receivership as
we feared. An announcement about the
disposal of the London Works is expected
some time on Monday morning.

*Yours ever
Ian*

IAN ELLISON
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO

The Secretary

Joint Works Committee
Duport Steelworks
(Duport Steels Limited)
PO Box 1
Llanelli
Dyfed SA15 2SS

Thank you for your letter of 9 February about Duport's Llanelli Steelworks which was signed by several hundred of the Llanelli workforce.

I have read what you have to say with great care and I can assure you that I am fully aware of the background to the recent difficulties experienced by Duport. I have discussed these many times with the Ministers concerned. Obviously I regret the position in which the Llanelli workforce now find themselves.

The fact of the matter is that there is nothing we can do to help in this very difficult situation. I acknowledge all the efforts which the Llanelli management and workforce have put in to make the works competitive. I wish that the rest of British industry could tell a similar story of cooperation.

But the real truth is that the Llanelli works is unprofitable. The losses at Llanelli have been so great that the Duport Group as a whole can no longer sustain them. Other steel-makers



throughout Europe are facing similar difficulties.

I know what you say about subsidised competition from BSC causing the present difficulties. The Government are giving this issue full and serious consideration in their evaluation of BSC's Corporate Plan, but it seems to us that competition from BSC is not the main cause of Llanelli's difficulties.

I know that Sir Keith Joseph has explored fully the scope for Duport joining a new company to manufacture engineering steels. Various detailed ideas have been explored but none of these ^{I am sorry to say,} has produced a workable solution which ^{would} ~~included~~ the steelworks at Llanelli. ~~There appears to be no justification in practice for asking the taxpayer to spend money on keeping the Llanelli works open.~~



10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 9 February about Duport's Llanelli Steelworks which was signed by several hundred of the Llanelli workforce.

I have read what you have to say with great care and I can assure you that I am fully aware of the background to the recent difficulties experienced by Duport. I have discussed these many times with the Ministers concerned. Obviously I *deeply* regret the position in which the Llanelli workforce now find themselves.

~~The fact of the matter is that there is nothing we can do to help in this very difficult situation.~~ I acknowledge all the efforts which the Llanelli management and workforce have put in to make the works competitive. I wish that the rest of British industry could tell a similar story of cooperation.

But the ~~real truth is that the Llanelli works is unprofitable.~~ ~~The~~ losses at Llanelli have been so great that the Duport Group as a whole can no longer sustain them. Other steel-makers throughout Europe are facing similar difficulties.

I have read with concern
~~I note~~ what you say about subsidised competition from BSC causing the present difficulties. The Government are giving

/ this issue

this issue full and serious consideration in their evaluation of BSC's Corporate Plan, but it seems to us that competition from BSC is not the main cause of Llanelli's difficulties.

I know that Sir Keith Joseph has explored fully the scope for Duport joining a new company to manufacture engineering steels. Various detailed ideas have been explored but none of these, I am sorry to say, has produced a workable solution which would include the steelworks at Llanelli.

I realise that this letter will come as a disappointment not to you & to your families. I am very sorry that ~~under~~ in the present circumstances of the steel industry I have nothing else to help.

The Secretary,
Joint Works Committee,
Duport Steelworks.