



10 DOWNING STREET

THE PRIME MINISTER

18 March, 1981

*Dear Mr. Sayers.*

Thank you for your letter of 6 March.

I was of course aware that the BSC and Duport have between them the lion's share of the UK free cutting steels market, but the problem is that this market is not large enough to employ profitably all the capacity available.

Even if customers were prepared to accept as a second source a plant owned by the same company (as would be the case if Llanelli went into Phoenix II) the costs of keeping open under-used capacity would be very high. And high costs must be reflected in high prices which would drive away the customers that we were trying to keep.

I am sorry that I can see no way to help.

*Yours sincerely,*

*Margaret Thatcher*

E. C. Sayers, Esq.

*RB*