



10 DOWNING STREET

THE PRIME MINISTER

25 June 1981

Thank you for your letter of 11 June.

I wholeheartedly agree with Chancellor Schmidt on the need for a Community decision requiring state aids that are contrary to the ECSC Treaty to be phased out and linked to capacity reduction. It was disappointing that more progress was not made by the Council on 4 June. I hope for better results at the next meeting on 24 June. It is also important that we reach agreement on social measures to demonstrate the Community's concern for the social consequences of capacity reduction.

I am grateful for the efforts being made in the Commission in putting forward proposals on these matters.

(SGD) MARGARET THATCHER

His Excellency Monsieur Gaston E. Thorn.