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11.15 mtg Tuesday
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Mr Verker
Mr Walter
Mr August

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

INDUSTRIAL ELECTRICITY PRICES

I have seen Keith Joseph's minute of 27 July to you. TPM

2. Clearly a highly selective approach offering assistance to a handful of companies would raise great, perhaps insuperable, difficulties. However that does not provide grounds for reversing our earlier decision against a more general scheme. The latter too would be hard to justify to the European Commission and to the many companies which it would not assist or would not satisfy. Even a 12 month scheme would be expensive and would represent a substantial call on the Contingency Reserve which is under great pressure. Moreover it is unrealistic to think that the scheme could be terminated readily at the end of a year given that international disparities in electricity prices are likely to continue for some time.

3. These arguments convinced us last month that we should not pursue the possibility of introducing a general scheme and, in my view, they remain decisive today.

4. I am sending copies of this to other members of MISC 56, to the Foreign Secretary and to Sir Robert Armstrong.

(G.H.)

31 July 1981