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Nat Industries ~~ECJV~~



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From the  
Minister of State

Norman Lamont MP

The Rt Hon Leon Brittan QC MP  
Chief Secretary  
HM Treasury  
Parliament Street  
London SW1

NBPM  
Mus 23/12

23 December 1982

Dear Chief Secretary

FOUNDRY COKE PRICES

I have just seen a copy of John Moore's letter to you of 17 December about the financial assistance which has been given to the NCB since June 1982 to hold down the prices of foundry coke produced in this country by National Smokeless Fuels and British Benzol Carbonising. I believe that John has set out very clearly the difficult position facing both the producers and users of foundry coke in this country.

I am particularly concerned about the size of the price increases that would be necessary for NSF to cover their operating costs of making and selling foundry coke. I fully appreciate the need to bring this financial assistance to an end and I am pleased to see that NSF have made plans to reduce output and control costs. However, I must stress that the foundry industry is in such difficulties - foundries are still closing at an average of one per week - that they could not bear an increase of £28 per tonne (over 30%) or anything approaching this. I also feel that such an increase would appear to the foundry industry to be at variance with the recent announcements that there should be no increase in industrial gas and electricity prices.

Nevertheless, despite the difficulties faced by the foundry industry, some increase in foundry coke prices is clearly required and I would like to support option (a) in John Moore's letter involving £5 per tonne list increases on both 1 January and 1 July 1983. I believe these reasonable price increases should be coupled with an early announcement about the restructuring planned by NSF so that the foundry industry in turn can see that every effort is being made to control the costs of producing coke. I hope therefore that you will be able to agree to continue the modest level of support to the NCB during 1983 which this option implies.

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I am copying this letter to the Prime Minister, members of E Committee, John Moore, Sir Robert Armstrong and John Sparrow.

*yours sincerely,*

*John Atty*

NORMAN LAMONT

*(approved by Mr Lamont and signed in his absence)*

23 DEC 1982



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