



10 DOWNING STREET

cc: DJN  
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DJM  
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THE PRIME MINISTER

12 January, 1982

Dear Mr. Jenkins,

Thank you for your telegram of 29 December about the closure of the British Aluminium Company's smelter at Invergordon.

BACo's decision to close the Invergordon smelter was taken after extensive discussion with the Government, and after we had explored all possible arrangements which might have enabled it to continue in operation. It became plain to us not only that the losses from the smelter's operation were enormous but that they had reached a stage where the viability of the whole company was seriously threatened. To keep the smelter in operation would have entailed an enormous immediate cost to the taxpayer and a continuing loss on the smelter's electricity supply of around £16 m. per annum at today's prices until the year 2000, which would inevitably have also fallen on the taxpayer. Although as you say we are fortunate as a nation in having abundant supplies of energy, we do not have the large resources of hydro-electric power which enable other countries to supply bulk electricity for aluminium smelting at extremely competitive prices. The price being charged to BACo for its supply was already around half that being charged to other industrial consumers.

We shall use all the powers at our disposal to promote new employment in the area and to assist those whose jobs will be lost as a result of the closure. The company has agreed to maintain the smelter intact for a period of six months while intensive efforts are made to find a purchaser and the termination of the power contract does not affect this. We are providing a special extra allocation of funds, amounting to up to £10 m. over the next three years, to enable the Highlands and Islands Development Board to step up its efforts

/to provide

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to provide new employment opportunities. Locate in Scotland will also be making intensive efforts to attract new projects to the area.

Alex Fletcher, the Minister for Industry and Education at the Scottish Office, visited the area on 5 January and had discussions with, among others, representatives of the Invergordon workforce. At their request he has had a further meeting with the Chairman of BACo but I am afraid that has confirmed that no basis exists for providing power to the smelter at a price which makes continued operations possible for the company.

Yours sincerely

Raymond Fletcher

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D. C. Jenkins, Esq.



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

*MA*  
12 January 1982

*Dear Lord,*

Thank you for your letter of 29 December about the closure of the British Aluminium smelter at Invergordon.

I do of course understand your concern about this serious and important matter. However I should, I think, make it clear that the decision to close the smelter was taken and announced by the Company, and that the timing of the announcement was not determined by the Government. An earlier announcement, before the Recess, was not possible as urgent discussions with the Company were then still in progress. I fully appreciate the serious effects that the closure of the smelter will have on Easter Ross and the rest of the Scottish economy, but I am afraid that I do not think that a recall of Parliament to discuss the closure would be justified.

*Yours sincerely  
Francis*

FRANCIS PYM

Gordon Wilson Esq MP  
House of Commons  
London SW1A 0AA

bc Mr Maclean, No 12  
Mr Pattison, No 10 ✓  
Mr Russell, Scottish Office

13 JAN 1982





SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

W F S Rickett Esq  
Private Secretary  
10 Downing Street  
LONDON

8 January 1982

*Dear Mr Rickett* *M. Tyre*  
*WMS*

I refer to your letter of 30 December and attach a draft reply for the Prime Minister to send to Mr Clive Jenkins. I am sending copies of this letter and the enclosure to John Kerr (HM Treasury), Richard Dykes (Department of Employment), Ian Ellison (Department of Industry) and Julian West (Department of Energy.).

*Yours sincerely*

*M. Stewart (Miss)*

*for* A M RUSSELL  
Private Secretary

DRAFT FOR THE PRIME MINISTER

D C Jenkins Esq  
General Secretary  
ASTMS  
Jamestown Road  
LONDON NW1

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Alex Fletcher, the Minister for Industry & Education at the Scottish Office, visited the area on 5 January and had discussions with, among others, representatives of the Invergordon workforce. At their request he has had a further meeting with the Chairman of BACo but I am afraid that has confirmed that no basis exists for providing power to the smelter at a price which makes continued operations possible for the company.



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10 DOWNING STREET

From the Private Secretary

30 December 1981

I enclose a copy of a telegram to the Prime Minister from Clive Jenkins, General Secretary of the ASTMS, about the closure of British Aluminium's Invergordon Smelter.

BK

I should be grateful for a draft reply which the Prime Minister might send to Mr. Jenkins. It would be helpful if this could reach us by Friday 8 January.

I am sending copies of this letter, and its enclosure, to John Kerr (HM Treasury), Richard Dykes (Department of Employment), Ian Ellison (Department of Industry) and Julian West (Department of Energy).

*John Kerr*  
*Richard Dykes*

Muir Russell, Esq.,  
Scottish Office.



10 DOWNING STREET

*From the Private Secretary*

30 December 1981

*Dear Mr Jenkins*

I am writing on behalf of the Prime Minister to thank you for your telegram of 29 December about the closure of the Invergordon Smelter. I shall place this before the Prime Minister as soon as possible.

*Yours sincerely  
William Rees-Mogg*

Clive Jenkins, Esq.



107 Dec 81  
only with Plowden  
with MCC 29/12



10 DOWNING STREET

✓ Press Office

PRIME MINISTER

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Here is the telegram from Clive Jenkins asking you to intervene to prevent the closure of the Invergordon Smelter.

I have asked the Scottish Office to provide you with a draft reply.

WBR

M

30 December 1981

British TELECOM  
for enquiries dial the number  
shown in your dialling instructions

for enquiries dial  
shown in your dialling instructions

Number  
shown in your dialling instructions

Telegram  
for enquiries dial the number  
shown in your dialling instructions

British TELECOM  
for enquiries dial the number  
shown in your dialling instructions

29 DEC 81 0214



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K148 LONDON T 109 106 29 1950 SW

MRS MARGARET THATCHER  
PRIME MINISTER  
10 DOWNING STREET  
SW1

URGENTLY REQUEST INTERVENE TO PREVENT PERMANENT CLOSURE OF THE  
BRITISH ALUMINIUM INVERGORDON SMELTER BY INSURING THAT THE BULK  
ELECTRICITY CONTRACT IS CONTINUED BEYOND 2330 HOURS 30TH AS  
OTHERWISE PERMANENT DAMAGE CAN BE CAUSED STOP ALSO SUGGEST JOINT  
STUDIES BETWEEN MANAGEMENT UNIONS AND GOVERNMENT ON THE PROVISION  
OF CHEAP ENERGY WHICH I AM CONVINCED CAN BE PROVIDED IN A NATION  
MORE THAN SELF SUFFICIENT IN ALL FORMS OF ENERGY STOP AN INVERGORDON  
CLOSURE WOULD BE A DISASTER OF GREAT MAGNITUDE TO SCOTLAND AND EVERY  
EFFORT MUST BE MADE BY EVERYONE TO PREVENT THIS

CLIVE JENKINS GENERAL SECRETARY ASTMS

~~COL 10 SW1 2330 30TH~~

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