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10 DOWNING STREET

From the Private Secretary

13 December 1982

Mr. Ian MacGregor called upon the Prime Minister at her request this afternoon.

The Prime Minister asked Mr. MacGregor for his views on the future Chairmanship of BSC and of the NCB. Mr. MacGregor said that he would do whatever the Government wished. He was ready to serve as Chairman of both enterprises if that was what the Government wished, and he thought that such an arrangement would work well.

In a discussion about the steel industry, Mr. MacGregor said that he would be visiting Mr. Roderick of US Steel early next week, to explore a proposal to create a joint venture between BSC and US Steel, in which the Ravenscraig plant would supply semi-finished steel for a US steel mill in New Jersey. Such an arrangement would make use of Ravenscraig's continuous casting capability, and might take around 3 million tonnes of steel. It might be necessary to supplement the supply from Ravenscraig with steel from a Southern plant or even from a Dutch source. This would involve the mothballing of the strip mill in Scotland. He hoped that the joint venture arrangement might circumvent any fresh problems with countervailing duties.

On the coal industry, Mr. MacGregor suggested that a former NCB mining engineer, Mr. Larry Blackmore, currently Vice President of the American Electric Power Company in the United States, would make a success of running the NCB.

In further discussion about the severity of the present world recession, Mr. MacGregor said that what was required was a new Marshall Plan, with a \$50 billion Fund underwritten by the OECD countries on a pro-rata basis, devoted to energy replacement investment in Africa, South America and South-East Asia; the procurement arising from this Fund also to be apportioned between the contributing countries on a pro-rata basis. The Prime Minister commented that the support operations required for Mexico, Brazil, Poland, Yugoslavia etc. in many ways already fitted the description of the Fund which

/ Mr. MacGregor

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Mr. MacGregor was suggesting.

The Prime Minister will wish to have a further word with your Secretary of State, together with the Secretary of State for Energy about the Chairmanship of the BSC and NCB, and I will be in touch with you shortly to arrange a discussion.

I am sending a copy of this letter to Julian West (Department of Energy).

M. G. SCOTT

Jonathan Spencer, Esq.,
Department of Industry