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PRIME MINISTER'S QUESTIONS, 26 APRIL 1983

BRITISH STEEL CORPORATION: MR MACGREGOR'S VISITS TO MOSCOW AND PEKING

Background

Mr MacGregor visited Moscow yesterday (25 April) and is now on his way to spend two days in Peking. He is exploring the scope for increased export business but no spectacular deals are expected to result.

2 BSC have long exported to the Soviet Union, though not in major quantities (£18 million-worth in 1982). Mr MacGregor's aim in Moscow was to consolidate relations and to identify prospects for future sales in the light of changing Soviet needs - eg they are now self-sufficient in such products as razor strip but have a growing need for imports of pipe and tube.

3 BSC have historically exported little to China (£6 million-worth in 1982). But they have recently won some contracts and Mr MacGregor will be exploring the scope for more.

4 The European Community's mandatory quota arrangements (under ECSC Article 58) set a limit on total production levels by individual companies. Any increased export orders obtained by BSC would, therefore, have either to be accommodated within the Corporation's quotas, or special derogations be obtained for specific contracts (a precedent for the latter option was set in a case involving Italian exports to the USSR last year). But it is far from clear that any increased business resulting from Mr MacGregor's visits will be large enough to raise quota difficulties.

Line to Take

5 BSC already export steel to the Soviet Union and, to a lesser extent, to China. I understand that Mr MacGregor is exploring the scope for building up relations and exporting more. It is this sort of energetic approach to selling which is vital if BSC are to improve the loading on their plants.

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