



CONFIDENTIAL

PRIME MINISTER

BSC STRATEGY

I mentioned to you at the end of May the problem we faced over BSC's future strategy. The BSC Chairman, Sir Robert Haslam, and the Board are firmly of the view that Ravenscraig has no long term future. BSC had proposed to me that they should acquire and close a Greek owned works, Alphasteel, situated in Newport. This proposed purchase and closure would lead to improved loading of BSC's three strip works, get us out of the immediate difficulties we face with the Commission who need to be provided with a plan demonstrating that BSC are on the road to viability, and enable a decision on the future of Ravenscraig to be deferred although investment decisions which will have to be taken in the near future will constitute signals that the future of Ravenscraig will be jeopardy within the next few years.

2 At the time I spoke to you, it seemed that the Greek owners of Alphasteel were not prepared to do a deal with BSC except at a price which neither we nor BSC were prepared to accept. However, Sir Robert Haslam has had further contact with the Greek owners, at my request, to point out to them that if a deal cannot be concluded by 24 June (when I am due to visit Brussels) it would unlikely that BSC would be interested in a deal after that date.

3 This further approach has had an immediate effect. The Greeks have come back with a more reasonable offer which BSC are currently examining. I will be having urgent discussions

Prime Minister ②

cc:JR

As we suspected, the proprietors of Alphasteel are mainly interested in being bought out and a little bit of "hard to get" by BSC has improved the negotiating climate.

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about it with Sir Robert Haslam this week. I hope to be in a position to seek agreement quickly to give BSC authority to conclude a deal to purchase Alphasteel or the essential parts of its UK business. I will write further with details of the position, and seeking agreement to the necessary authority, in a day or two.

4 I am sending a copy of this letter to Nigel Lawson.

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11 June 1985

Department of Trade and Industry

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