

PRIME MINISTER

SCOTLAND

You have had two further requests for engagements in Scotland and a request from Tom Clarke MP, for a meeting.

The first is a request (Flag A) from Scottish trades unionists and representatives of Scottish institutions for a meeting about the Scottish steel industry while you are in Scotland.

The Scottish Office's advice is at Flag B. They set out the arguments but then have the cheek to suggest that you should find time in your diary to see them even though the Secretary of State for Scotland is unable to find time in his. They have now, however, found a slot for next Tuesday, 10 September for Mr. Younger to see the trades unionists.

The argument that if you refuse to see them you would be making a prolonged visit to Scotland and then not wanting to hear views on a major current issue remains valid. But your earlier correspondence with Mr. Milne, General Secretary of the Scottish Trades Union Congress, (Flag D) does not augur well for a useful meeting and the fact that they will have (or will have been offered) a meeting with the Secretary of State tips the balance against you seeing them - even if you could have fitted it in, which is not certain.

A letter of regret is below.

The second request is from Mr. Clarke who would like to see you to discuss the closure of Gartcosh (Flag C). The Scottish Office have suggested that the Secretary of State for Scotland should see Mr. Clarke, and another letter of regret is below.

Finally, Mr. Michael Grylls, MP, (Flag E) has written to the Secretary of State for Scotland to suggest that you might

*W will leave  
for US home  
to see the  
F.M.C.  
then to  
refuse.*

*If Tom  
Clarke would  
like to  
come for  
15 mins  
before 7  
after  
that  
meeting -  
we can  
deal  
with  
him too.  
Will find  
half for  
I can't find  
no time  
not*

visit a Shell training scheme when you are in Aberdeen. It would not be easy to find room for this while you are there and unless you feel strongly that you want to go I shall pass your regrets to the Scottish Office for transmission to Mr. Grylls.

*D.N.*

*pp.* (DAVID NORGROVE)  
2 September 1985



Mark Addison Esq  
Private Secretary  
10 Downing Street  
LONDON

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

2. September 1985

You asked on Friday for urgent advice on the request from the STUC for a meeting with the Prime Minister during her forthcoming visit to Scotland.

Our view is that public opinion in Scotland is wholly condemnatory of BSC's intention to close Gartcosh. This has been presented as a management decision, but BSC have so far done nothing to counter criticism. We think that they should be more active. If say an hour could be found during PM's visit to Scotland we should be inclined to suggest that a meeting be offered, mainly because it seems feeble to make a prolonged visit to Scotland and then decline to hear views on a major current issue. Against that it could be said that offering a meeting with the PM would give the pro-Gartcosh campaign undue recognition. But if the timetable for the visit is already too full, we would suggest a meeting with Mr Tebbit be offered.

Before the BSC announcement on 7 August the STUC asked for a meeting with the Prime Minister and you suggested instead a meeting with the Secretary of State for Scotland. The STUC have now written seeking a meeting with the Secretary of State and the advice from officials is that the request must be granted. However, the Secretary of State who is still on holiday at present has a fairly full programme covering the next few weeks, including a visit to Russia, and it is unlikely that any meeting with the STUC can be arranged before the end of September.

As discussed this morning I enclose a copy of a letter received from Michael Grylls MP and I should be grateful for advice on whether the Prime Minister's programme would allow for the additional item as suggested by Michael Grylls.

ANDY RINNING  
Private Secretary

# Telemessager

KEB1183 GWZ4056 PAJ0036 INA P09 4946LOND

29 AUG 1985/1807

16 Woodlands Terrace  
Glasgow

29 August 1985

*R30*

TELEMESSAGE  
THE RIGHT HON. MRS THATCHER M.P  
PRIME MINISTER  
10 DOWNING STREET  
LONDON  
SW1

SCOTTISH TRADES UNIONIST AND REPRESENTATIVES OF MANY SCOTTISH  
INSTITUTIONS MET TODAY AND REITERATED SCOTLAND'S NEED TO  
MAINTAIN A FULLY INTEGRATED AND GOVERNMENT SUPPORTED STEEL  
INDUSTRY. WE WOULD ALL ASK YOU TO MEET WITH US DURING YOUR  
FORTHCOMING VISIT TO SCOTLAND

JAMES MILNE, GENERAL SECRETAY, STUC

TO REPLY BY TELEMESSAGE SEE REVERSE SIDE

British  
**TELECOM**

**TELEMESSAGE** — A service of British Telecommunications plc  
Registered Office 81 Newgate Street LONDON EC1A 7AJ  
Registered in England no. 1800000

— Accepted by telephone or telex and transmitted via our computer to a postal centre near the destination for delivery the very next working day.

**TO SEND A  
TELEMESSAGE**

— To dictate your message by telephone simply dial 100 (in London 190) and ask for the Telemesssage Service. The call is free.

— To file by telex, consult your telex directory for full details.

**INLAND  
SERVICE**

— Telemessages received by British Telecom before 10pm (7pm on Sundays) are normally delivered with the next working day's first class post; if they are not we will refund your money in full.

— For those special occasions, your Telemesssage can be delivered in one of our range of attractive cards. Ask the Telemesssage Operator for details.

**INTERNATIONAL  
SERVICE**

— International Telemessages received by British Telecom before 10pm (7pm on Sundays) are transmitted to a postal centre near the destination and are normally delivered the next working day.

SCOTTISH TRADES UNION CONGRESS

PAPER TO BE PRESENTED TO THE STUC CONFERENCE ON THE STEEL INDUSTRY

TO BE RECONVENED AT THE BSC SOCIAL CLUB,

NEW JERVISTON HOUSE, MOTHERWELL,

ON THURSDAY 29 AUGUST 1985

## CONTENTS

- SECTION 1. "RAVENSCRAIG AND GARTCOSH - FACTUAL DESCRIPTION (pages 1-2)
- SECTION 2. "THE BSC ANNOUNCEMENT" (pages 2-4)
- SECTION 3. "THE IMPLICATIONS OF THE BSC ANNOUNCEMENT"(pages 4-7)
- SECTION 4. "WHAT ARE BSC AND THE GOVERNMENT UP TO?" (pages 8-9)
- SECTION 5. "GARTCOSH/RAVENSCRAIG AND THE FUTURE OF THE BRITISH STEEL INDUSTRY" (pages 9-11)

## INTRODUCTION

Three years ago Mr Ian Macgregor, as then Chairman of the British Steel Corporation, attempted to close Ravenscraig. The resistance of the Scottish people lead the Government and BSC to have second thoughts and in 1983 Mr Macgregor's proposals for a reduction in the scale of Ravenscraig's operations, exporting partly finished products to the USA, was presented to us. That proposal was too rejected by the people of Scotland, who correctly saw it as spelling the death of the Scottish steel industry in a short number of years.

It is just as well for the Government and the BSC that the Scottish people in 1982 and 1983 had such good sense, because in 1984 Ravenscraig produced 1,580,670 tonnes of liquid steel, which was needed by the British economy and by export markets.

During the period since the closure proposals were first raised in 1982 the Ravenscraig workforce has broken productivity and output records with such regularity that it has almost ceased to be newsworthy. It is against this background that the BSC announcement of 7 August must be viewed. The following sections analyse the announcement and its proposal in some detail.

SCOTTISH TRADES UNION CONGRESS

PAPER TO BE PRESENTED TO THE STUC CONFERENCE ON THE STEEL INDUSTRY,  
TO BE RECONVENED AT THE BSC SOCIAL CLUB, NEW JERVISTON HOUSE, MOTHERWELL,

ON THURSDAY 29 AUGUST 1985

1. RAVENS CRAIG AND GARTCOSH - A FACTUAL DESCRIPTION

1.1 The British Steel Corporation currently has five integrated steel mills - on Teesside (plate) at Scunthorpe (plate) at Port Talbot (strip) at Llanwern (strip) and Ravenscraig/Gartcosh/Dalzell (strip and plate). Thus the Ravenscraig/Gartcosh/Dalzell operation is the most flexible of all the BSC's major plants as it permits production of both strip and plate products. According to the BSC the break-even output level of the Ravenscraig complex is some 36,800 tonnes per week. Current output varies between 31,000 and 35,000 tonnes per week. This year Ravenscraig is producing around 25,000 tonnes per week of hot rolled coil, which will revert to 22,000 tonnes per week when the Port Talbot plant in South Wales reverts to full production. Of this strip production at Ravenscraig deliveries to Gartcosh and Shotton for the year ended December 1984 amounted to an average of 8,706.13 tonnes per week to Gartcosh and 6,519.56 tonnes per week to Shotton. Gartcosh therefore takes around one third of Ravenscraig's current strip production and about one quarter of its total output (strip and plate combined).

1.2 The 8,700 odd tonnes per week supplied to Gartcosh is, for the most part, high grade steel for the automotive and other strip using industries. BSC has perfected a special high grade steel called "Tenform" which cannot now be supplied from any other BSC mill and which gives a particularly high strength to weight ratio for complex pressings in the automotive industry, including car bonnets, roof panels, etc. Amongst Gartcosh's major customers at present are the following:-

Austin Rover	52,000 tonnes per annum
Soviet Union	28,000 tonnes per annum (exported via Grangemouth)
Lye Spencer	23,000 tonnes per annum
GKN	19,000 tonnes per annum
Tube Investments	17,000 tonnes per annum
Stelrad Radiators, Dalbeattie	14,000 tonnes per annum
Ford UK	12,000 tonnes per annum
Ford Germany	9,000 tonnes per annum (exported via Grangemouth).... /

Canadian exports	9,000 tonnes per annum
Phoenix Steel Tubes	9,000 tonnes per annum

smaller quantities also go to BMW in West Germany.

1.3 A major investment programme for the past decade now means that the Ravenscraig complex is able to produce high quality steels (including Tenform for the automotive industry and special steel plate for the North Sea oil industry, submarine hulls, etc.) which cannot presently be produced at any other British plant.

## 2. THE BSC ANNOUNCEMENT

2.1 The BSC announcement of 7 August incorporates the following features (quotation directly from the BSC Press Statement):-

"An agreement reached with Alpha Steel, Newport, South Wales, as part of the necessary further restructuring in the European Community's steel sector, for the acquisition by BSC in 1986 of Alpha's hot strip mill.

"The installation in Llanwern, following their acquisition from Alpha Steel, of two continuous slab casting machines; and the completion of the Port Talbot hot strip mill refurbishment through the provision of a second new reheat furnace, thereby enabling the full benefits of that development scheme to be attained.

"The closure of BSC's Lanarkshire based Gartcosh cold rolling mill and, in due course, of Alpha Steel's hot strip mill, to assist the process of bringing capacity and demand more into balance in these two product sectors.

"No intention to make investments in new coke ovens at this stage.

"Maintaining steel making at BSC's five integrated steel works sites, for a least three years from now, but subject to market demand and BSC's performance.

"Agreement, in principle, for Government funds to support establishment of the Phoenix II business with GKN, thereby restructuring the UK engineering steels sector for the future."

These bald statements require some further factual comment.

### 2.2 The Alpha Steel Agreement

The current Alpha Steel strip mill is the fourth steel strip mill in the UK. The STUC understands that the agreement to take over and close down this facility by the BSC was arrived at only days before the critical announcement on 7 August.

### 2.3 The Alpha Steel Concast

The STUC understands that the Alpha Steel twin strand concast will have to be almost completely rebuilt in order to instal it at Llanwern - where it can apparently be installed without affecting the ongoing productive capacity of the mill. The cost of the rebuild and installation will almost certainly be virtually as high as the installation of a completely new twin strand concast at Llanwern. The last twin strand concast installed by BSC was at Port Talbot and this cost a total of £120M. It is therefore unlikely that the transfer of the Alpha concast to Llanwern will cost any less. The BSC Chairman, in a recent meeting with the STUC, refused to make any comment on the cost of transferring the Alpha Steel concast to Llanwern.

2.4 The proposed closure of Gartcosh will be commented upon in more detail below.

2.5 The decision to make no investment in new coke ovens at this stage was arrived at as a result of a report of a Working Party on direct coal injection into blast furnaces, which was received by the BSC within a fortnight prior to the 7 August announcement. The report was based on analysis of experiments in coal injection techniques at the BSC' Scunthorpe plant (where coke savings of ten to fifteen per cent have been achieved as against the BSC's hoped for twenty per cent by reliance on this technique) and at Dunkirk in France. In a discussion with STUC representatives a few months before the announcement, the BSC Chairman had made no indication whatsoever that the BSC held any prospects for this new technology. Instead, the discussion had focussed.../

.../focussed on a possible NCB/BSC investment programme in coke ovens. It appears, therefore, that the BSC's sudden discovery of the reliability of this new technology has come as a complete bolt out of the blue for BSC management as well as for the world at large.

2.6 The assurance that steelmaking will be maintained at BSC's five integrated steelworks sites for at least three years from now, subject to market demand and BSC performance, is a hollow one. If Gartcosh closes, Ravenscraig will no longer be an integrated plant and the impact of a Gartcosh closure on Ravenscraig and, indeed on the ability of BSC to meet demand in the market place from its entire operation, is analysed below in some detail.

2.7 The Phoenix II announcement will effectively create a private monopoly in engineering steels in Britain and may have some impact in Scotland through the GKN subsidiary Scottish Stampings in Ayr.

### 3. THE IMPLICATIONS OF THE BSC ANNOUNCEMENT

3.1 The implications, not only for Scotland but for the whole British steel industry and indeed for key areas of British manufacturing industry, are very serious indeed.

3.2 Closure of Gartcosh would leave the UK automotive industry incapable of depending on BSC for vital body pressings. BSC intend to transfer the Gartcosh order book, 15% to Shotton in North Wales, 45% to Llanwern and 40% to Port Talbot. BSC apparently now thinks it will lose 25% of orders in the transfer (although two weeks ago the BSC Chairman was denying there would be any loss). But Port Talbot is a general purpose mill incapable of producing fully finished automotive parts, and the Llanwern concast cannot be fully commercially operational in under three years. The Shotton cold rolling mill, on the other hand, does not have the capacity to roll high quality Ravenscraig steel for sophisticated body pressings. At present its small output for the automotive market is restricted to under bonnet parts, trim and fascia. It is virtually certain therefore that closure of Gartcosh would result in the BSC losing most of the Gartcosh order book completely, leaving British automotive producers dependent on imports in many areas. It would also render BSC incapable of supplying the new Nissan car plant in County Durham with these vital parts.

3.3 The proposed closure of Gartcosh would also have a serious immediate impact on the economics of the Ravenscraig hot strip mill. In the year ended December 1984 Ravenscraig supplied some 761,284 tonnes of cold rolled strip for finishing to Gartcosh and Shotton. Under the BSC proposals Ravenscraig has been guaranteed 75 per cent of the total Shotton order load. This comes to over 488,967 tonnes for the year 1984, and would leave a shortfall on the current Ravenscraig order book of 272,350 tonnes. The loss of over a quarter of a million tonnes per annum hot rolled coil output from Ravenscraig would have a very serious impact on unit costs at Ravenscraig and, therefore, on the entire plant's competitive position.

3.4 Furthermore, BSC management have admitted that because of the comparative condition of the Ravenscraig/Llanwern/Port Talbot coke ovens, Ravenscraig will be the first to feel the impact of the decision to provide no new investment in coke ovens. The new technology upon which BSC intend to depend so heavily, instead of investing in coke ovens, is completely unproven in large-scale commercial conditions and the condition of the Ravenscraig coke ovens is such that it will be left with a coke making capacity of only 10,000 tonnes per week in two years' time. At present Ravenscraig needs to produce 19,400 tonnes of coke per week to meet the break-even steel output figure of 36,800 tonnes per week. It is almost certain, therefore, that on the basis of no investment in the coke ovens and the closure of Gartcosh, Ravenscraig would be reduced to a one blast furnace operation with a capacity of only 20,000 tonnes per week within two years. Given the installation of an almost totally reconstructed twin strand concast at Llanwern, this would inevitably mean that Ravenscraig's unit costs were significantly higher than either of the two South Wales strip plants.

3.5 The largest local impact of a closure of Gartcosh would, of course, be in its effect on the unemployment levels in the North Lanarkshire area. Closure would involve 550 BSC employees at Gartcosh and 160 directly at Ravenscraig, with around 200 more involved in sub contracting. Thus, over 900 direct redundancies are involved, with an inevitable multiplier in the local community taking it to well over 1,000. The impact of the closure on the future of Ravenscraig would put several thousand more jobs in jeopardy. On the June 1985 figures from Strathclyde Region, unemployment in the area of Gartcosh is as follows:-

<u>Area</u>	<u>Males</u>		<u>Females</u>		<u>Total</u>	
	Nos.	Rate	Nos.	Rate	Nos.	Rate
Moodiesburn /Stepps	799	16.8	414	12.5	1,213	15.0
Easterhouse/Garthamlock	2,959	36.1	833	16.7	3,792	28.8
Coatbridge	2,931	20.4	1,131	11.8	4,062	17.0
Motherwell	8,755	20.9	3,556	13.2	12,311	17.9

It need hardly be added that an additional 1,000+ on the dole in an area with some of the worst unemployment and social conditions in Europe would be catastrophic.

3.6 A further inevitable impact of the Gartcosh closure would be on the economics of the Scottish ports. Currently Scottish ports, principally Grangemouth, handle exports of Gartcosh finished steel at the rate of over 50,000 tonnes per annum. As the SDA recognised in a study it commissioned a couple of years ago, the current economics of the Scottish ports operation are very problematic indeed and the loss of such a large throughput would, inevitably, further weaken the ability of Scottish ports to service Scotland's industries.

3.7 A further inevitable outcome of a closure of Gartcosh would be to provide a massive disincentive to steel-using industries to come to Scotland in the future. Any industry requiring strip steel would have to transport the finished product from at least as far away as Shotton - a distance of nearly 250 miles. Given that 75 per cent of Shotton's output is allegedly to come from Ravenscraig, this could mean that finished steel users in Scotland were using expensive steel which had undergone a round trip on the railways of some 500 miles since being made at Ravenscraig (assuming Ravenscraig is still there to produce the steel). A closure of Gartcosh would, therefore, be a hammer blow to the endeavours of the SDA and others to attract new upmarket industry to Scotland.

3.8 A further serious implication would be on the operations of Stelrad Radiators at Dalbeattie, who are heavily dependent on Gartcosh for finished strip for the production of radiators. Stelrad employ around 200 at their Dalbeattie plant. The impact on Stelrad's operation of having to import finished strip from Wales is unknown, but the company has had problems with Shotton steel in the past and are known to prefer Gartcosh.

3.9 In the longer term the likely impact of the Gartcosh closure on the economics of Ravenscraig could have a vital knock-on effect, not only on the remaining Ravenscraig complex with more than 13,000 workforce but, in the event of Ravenscraig closing, on vital areas of UK industry which currently depend exclusively on Ravenscraig as their steel source. These include the North Sea oil industry and the submarine building industry for whom Ravenscraig is the only UK supplier of high quality specialised steels required for submarine applications.

3.10 When at a recent meeting with the BSC Chairman and senior staff these points were put by STUC representatives they were largely dismissed. The BSC expressed great confidence in its ability to transfer the Gartcosh order book, although no guarantees were given about the long-term future of Ravenscraig, given the loss of Gartcosh. It was pointed out by the STUC representatives that in the past BSC management had expressed confidence in its ability to transfer order books from a plant which it wished to close to another plant which has no previous experience in dealing with the markets concerned. This happened some two years ago at the Clydebridge finishing mill for specialist plates, where BSC management were confident that Scunthorpe could takeover the Clydebridge order book. In the event, Scunthorpe was unable to handle the specialist techniques at Clydebridge and much of the Clydebridge order book was lost completely to the BSC. The BSC Chairman's ignorance of this fact at the meeting in question gives little confidence that the BSC's current optimism about transferring the Gartcosh order book will in fact be sustained.

3.11 To summarise: the inevitable outcome of a Gartcosh closure would be a loss to the UK automotive industry of vital UK produced steel supplies, increased mass unemployment in North Lanarkshire, a serious impact on the economics of Scottish ports, and the loss of potential steel-using industries in Scotland.

3.12 Beyond that the likely outcome of a closure of Gartcosh would be the complete closure of the Ravenscraig complex within the next few years, a huge increase in mass unemployment in North Lanarkshire and throughout the Scottish economy, and a loss to Britain of the vital specialist steels markets currently held only by Ravenscraig, including output for the offshore oil industry, submarine building, etc.

#### 4. WHAT ARE BSC AND THE GOVERNMENT UP TO?

4.1 These horrific costs of a closure of Gartcosh, which would have an impact right across the British steel, automotive, and engineering industries, pose inevitable questions about the motivation of the BSC and the Government. Apparently something is so important to the BSC and the responsible Government Ministers that they are prepared to sacrifice vital UK steel-making capacity and lose important strategic markets to imports as well as impose further mass unemployment on parts of the country which already have more than their share.

4.2 The BSC and the Government have hidden behind the cloak of EEC steel quotas for many years, using these as an excuse for successive contractions in UK steel-making and processing capacity. The reality, however, is that neither the BSC nor the Government have seriously fought within Europe to have our quotas increased. The fact is that our current quota levels are based on BSC output figures during a period which included the 1980 steel strike, which massively distorted output during that period and has, therefore, subsequently distorted the quotas "enjoyed" by the Corporation within Europe. Any company or Government which was seriously unhappy about that situation could have rectified it by now. This has not been done and the Government and the BSC can no longer claim that they are obliged to contract the UK steel industry because of EEC pressure.

4.3 The fact is that it suits the BSC, and particularly the Government, perfectly well to be able to use the excuse of EEC steel quotas to further contract BSC's operations. The reason is simple and can be found in the deepest recesses of the Prime Minister's heart. It is PRIVATISATION. This was made absolutely clear by the Chairman of the BSC in his recent meeting with the STUC. He made clear that he was acting under orders to make the British Steel Corporation PRIVATISABLE. To do this the Corporation have to return an annual operating profit well over £200M per annum. The utter desperation of the Government and the senior BSC management in cobbling together the August 7 statement is all too clear. The announcement was only made possible by the hasty Alpha Steel deal - finalised within a few days before 7 August - and the complete unreserved acceptance of a specialist report on an experimental new technology (coal injection), which report again had only been received a few days prior to the announcement. The haste of the decision has left the plant in an unprecedented position of having no current production plans. There can be few.../

.../few times in Britain's economic history when such vital decisions on the future of an entire strategic industry have been taken on such a hasty and illconsidered basis.

4.4 One would think that privatisation must be a very good thing indeed for British industry for it to put such pressure on Ministers of the Crown and senior officials of a nationalised industry. The facts, however, suggest otherwise and particularly for an industry which is central to the country's industrial strategic needs, not to mention its defence capacity. The recent privatisation of Britoil has simply meant that that company, which represented the UK Government's principal active interventionist arm in North Sea oil, is now predominantly in foreign ownership. There is no doubt that if and when the Government are allowed to privatise BSC the same thing will happen. British investors have demonstrated by their track record that they have little interest in developing British industry, preferring to make a faster buck elsewhere. A further major floatation following the Government's other notorious exploits in the field of privatisation will almost certainly mean that British Steel is British no longer. It really is difficult to think of a worse reason for butchering a vital British industry.

#### 5. GARTCOSH/RAVENS CRAIG AND THE FUTURE OF THE BRITISH STEEL INDUSTRY

5.1 It will be clear that the Ravenscraig complex, including its finishing mill at Gartcosh, has a vital part to play in the British steel industry and in the Scottish economy. It can supply qualities and finishings of steel which cannot be produced anywhere else in the UK and closure of Gartcosh, with the threat to the future of Ravenscraig which that implies, would inevitably deprive British manufacturing industry of the possibility of purchasing quality British made steel. It is also clear that the BSC announcement of 7 August, with the major investment it entails in South Wales, will place Scottish steel-making at a severe disadvantage relative to the South Wales plants. The STUC has a particular responsibility to use all its resources to retain what remains of Scotland's steel industry.

5.2 The STUC also has a commitment, however, to the defence and rebuilding of the British manufacturing economy as a whole, and for that reason believes it is essential, not only that the Ravenscraig complex is maintained intact and developed, but that THE OTHER FOUR INTEGRATED MILLS IN BRITAIN ARE ALSO RETAINED AND DEVELOPED. Further contraction of UK steel-making capacity at any of the mills would be a disaster for Britain's manufacturing economy. Between 1977 and 1984 UK effective capacity in crude steel production was reduced from 28.9M tonnes per annum to 23.6M tonnes per annum - a reduction of 18.4 per cent. Whilst some other European countries also reduced capacity, Italy increased its capacity by 8.5 per cent and the average capacity reduction for the Community was considerably below the British level. Britain now has a small steel industry in relation to its steel-using industrial base, compared with other European countries and this is reflected in the current level of imports of steel into Britain. The British economy can afford no further reductions in capacity if we are to have a secure manufacturing base for the future. In the period ending May 1985 steel imports into Britain from other EEC countries were running at a monthly rate which would equal over 2.2M tonnes per annum (184,600 tonnes per month). If Ravenscraig were to operate at the BSC's quoted break-even output of over 36,000 tonnes of steel per week, its annual output would be around 1,900,000 tonnes. Britain is therefore importing steel from Europe equivalent to more than the total annual capacity of Ravenscraig. It is therefore patently nonsense to argue that we require any further reductions in capacity.

5.3 To safeguard the future of our steel industry we therefore require to convince BSC management that its announcement of 7 August represents the wrong course; that investment in coke ovens, including a £90M programme at Ravenscraig is needed; that the small investment needed to upgrade Gartcosh should be committed; and that the present configuration of steel-making capacity within the Corporation should be retained. The Chairman of BSC, however, has made it quite clear that he is acting under instructions from the Government to make BSC "privatisable" and this is the primary reason why the operation is being scaled down in size. It is not only BSC which needs to be convinced therefore but the Government, which is setting BSC its financial and political objectives. If that task can be achieved then the problems imposed by EEC quota levels will disappear in their turn - given a Government which has the political will to fight for Britain's interests within the EEC.

5.4 To achieve these changes will be a political task of monumental proportions. Both the BSC and the Government have now some commitment to their announcement of 7 August and it is always much more difficult to get a change of view once a public announcement has been made than before it has been made. It is clear, however, that this is an issue on which virtually the entire spectrum of Scottish public opinion is absolutely united and the STUC has convened this Conference in the belief that a united, rational and well presented campaign will convince both the BSC and the Government that the proposals announced on 7 August were a serious mistake. If we fail to do that then we will have lost not only 1,000 jobs in North Lanarkshire, but a vital component in Britain's manufacturing base.

---



HOUSE OF COMMONS  
LONDON SW1A 0AA

DN

0236 22550

Rt Hon Mrs Margaret Thatcher M.P.  
Prime Minister  
10 Downing Street  
LONDON  
SW1

27 August 1985

Lilac Cottage  
12 Lugar Street  
COATBRIDGE  
ML5 3JS

Dear Prime Minister >

R29

As you are no doubt aware Sir Robert Haslam of B.S.C. has announced the projected closure of the Gartcosh Works in my constituency. The closure is planned to be completed by the 31st of March 1986 and taking into account a small number of associated positions at Ravenscraig over 700 jobs will be lost.

This figure does not of course include additional lost jobs in transportation, public services, small businesses etc, all of which would suggest that we can envisage the loss of about a thousand jobs in a very hard pressed community. The implications for Ravenscraig are obvious and I associate myself with the considerable representations which have been made to you about the future of that important plant.

However, my first concern as the local M.P. must be about the future of Gartcosh which at the moment has a death sentence hanging over it. The blow that such a closure would involve for this community cannot be underestimated. Coming on top of the recent closures of Cardowan and Bedley collieries, Speedwell, about which you were kind enough to meet me, and other redundancies, even the announcement of such a closure is knocking the heart out of our people and producing considerable anguish and despair.

As the local M.P. I would like to have the opportunity of having a discussion with you on this important matter and I shall make myself available at any time or place which you consider to be appropriate.

Kind regards

Yours sincerely

TOM CLARKE