CQ 3 1 UP

From the Minister of State for Industry

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From the Private Secretary to
THE HON PETER MORRISON MP

PA

Mark Addison Esq
Private Secretary
No 10 Downing Street
Whitehall
LONDON
SW1

25 March 1986

Dear Mark

Mr Morrison will be present when the Prime Minister meets David Harris MP to discuss the problems facing the Geevor tin mine in the light of the international tin crisis.As you are aware Mr Morrison met Mr Harris and representatives from the mine last Thursday.Since then, we have been examining how we might be able to help.

I attach a note which Mr Morrison sent to Mr Channon this morning setting out the position we have reached.Mr Channon agrees with the line proposed and we are in touch with Treasury now to see if it has any objections to the BIS scheme being extended to West Cornwall. Mr Morrison will update the Prime Minister orally before tomorrows meeting.

Yours ever

Malcolm McHardy

MALCOLM MCHARDY
Private Secretary

LS1ABT

TO:

Secretary of State

FROM:

Peter Morrison

25 March 1986

cc PS/Secretary of State
PS/Mr Clark
PS/Lord Lucas
PS/Sir Brian Hayes
Mr Mountfield
Mr Dell
Mr Murray MM
Mr Lodge SWRO
Mr Middleton IDU
Mr Berry IFA
Mr Bowen ECIP
Mr Bradbury EC2c
Miss Granados Sols
Mr Long MM4
Mr Lunn MM3
Mr Priston ID
Mr Winkett ID

GEEVOR TIN MINE

I attach a note from my Private Secretary describing what help can be given to West Cornwall if we do nothing about Geevor itself.

I have looked at and discarded an operating subsidy. I have also considered the possibility of financial help to assist the Company maintain the mine on a care and maintenance basis. Only this morning I heard that the Company has decided that next Tuesday the workforce will be given 7 days notice that the mine is being put on a care and maintenance basis. This will mean that 340 workers will be laid off in the week beginning 7 April. The company is doing this with its own money - which Brian Murray believes has given us a month's breathing space.

In the circumstances, I would suggest that we implement the BIS measures as soon as possible. It would be useful to announce this assistance tomorrow morning. The Select Committee is holding a Press Conference on Tin tomorrow and the Prime Minister is meeting David Harris tomorrow morning to discuss Geevor's problems.

PETER MORRISON

1WEBNJ

Reference ....

TO:

Mr Morrison

cc PS/Secretary of State
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Miss Granados Sols
Mr Long MM4
Mr Lunn MM3
Mr Priston ID
Mr Winkett ID

FROM:

Malcolm McHardy

25 March 1986

GEEVOR TIN MINE

As agreed I have been investigating what support the Department might be able to offer if Geevor were to close. I understand that officials have had preliminary discussions with the Commission on the possibility of extending the Business Improvement Scheme (BIS) to West Cornwall. Initial reactions were good and officials would be able to obtain formal approval from the Treasury and the Commission hopefully by the end of April. The amount involved £750,000 would be totally funded by DTI and would be expected to run for a maximum of 3 or 4 years.

Mr Thompson (ID) explained that EIEC might be willing to consider factory units in the Geevor area but only in support of other measures such as BIS. The question of funding might arise here as EIEC may have already allocated its budget for this year.

Malcolm McHardy

MALCOLM MCHARDY

CODE 18-77

1WEBMX

CB9B

MEETING WITH DAVID HARRIS MP, TUESDAY 24 MARCH 1986

GEEVOR TIN MINE

Purpose

1 The meeting is being held at the request of David Harris MP who wishes to discuss the future of the mine.

Background

2 Geevor is operated by a publicly owned company with an issued share capital of £756,250. The mine employs 377 people nearly all of whom live in the St Just area of the District of Penwith. Geevor produces ore equivalent to about 1000 tonnes of tin metal a year. Its output goes to the Billiton smelter at Arnhem and the RTZ smelter at Capper Pass, Humberside.

Would go up to 27% if Geevor closes

3 Geevor is in a Development Area. Unemployment in the TTWA in which it is located is currently about 24%.

4 Since the tin crisis began, Geevor has managed to keep going by introducing a number of economy measures with the support of the workforce. However, the company say that their cash position is now critical. Mr Harris and representatives of the mine saw Mr Peter Morrison last Thursday. They indicated that without HMG's support closure was inevitable. They have also said that they will not be ready to submit detailed proposals for assistance towards an investment programme until 4 April but they are looking for an operating subsidy from 1 April. The information available now suggests that it is very unlikely that Geevor will be able to put forward acceptable proposals. Latest indications are that the company's application for assistance will be for a £22 million programme for which the Government will be asked to underwrite about 85 per cent of the cost.

5 Geevor's two largest shareholders, RTZ and Gencor, recently sold their holdings (about 40% of the total equity) to two unknown foreign businessmen. We do not know what motivated these purchases or what attitude the new shareholders will adopt towards the future of the mine.

Line to take

a HMG understand that Geevor is in a difficult financial position;

b HMG have made clear that the DTI will consider assistance towards projects aimed at enabling Geevor adjust to the new market situation. However, assistance must be conditional upon viability;

c Geevor's request for an operating subsidy causes particular difficulties. It is not HMG's policy to provide such support and, even if it were, it is unlikely that the necessary European Commission approval would be forthcoming;

d If the company's position is such that it cannot continue operations while assistance towards investment is under consideration, the management could consider putting the mine on a care and maintenance basis. DTI support towards the costs of such action might be possible;

e If Geevor does close, HMG will consider providing additional regional support for West Cornwall. It is not possible to say now what would be appropriate.

I would be very wary of going as far as this at this stage.

DTI
MM3
March 1986

International Tin Council

11 am

Mr. David Harris (St. Ives) (*by private notice*) asked the Secretary of State for Trade and Industry whether he will make a statement on the breakdown of the negotiations with the International Tin Council and the attempt to resolve the debts of that council.

The Minister for Trade (Mr. Alan Clark): The Government regret that the protracted negotiations between the International Tin Council and its bank and broker creditors have now broken down without reaching agreement to resolve the tin crisis.

We have constantly made it clear, following suspension by the ITC of its operations in the tin market on 24 October last with gross commitments exceeding £800 million, that the United Kingdom was prepared to accept its share of the liabilities of the ITC, and we called on all other members to do likewise.

It is especially unfortunate that the breakdown of negotiations has come at a time when substantial progress had been made towards resolving the tin crisis in an orderly fashion. Had the ITC member countries collectively shown a greater sense of urgency and responsibility from the outset, a solution might have been found. Discussions between members of the European Community were protracted, and formal negotiations by the ITC began only at the end of January. However, the final breakdown of negotiations was caused by the refusal of some producer countries to accept the proposals.

At this late stage, it seems unlikely that a settlement can now be reached in order to secure a return to orderly trading in tin. If a substantial number of other ITC countries were prepared to make a new effort to resolve the crisis, the Government would of course be willing to join such discussions. But it must be clear, as it has been throughout the earlier discussions and negotiations, that the United Kingdom Government are not prepared alone to take over the responsibility for the ITC's debts.

The Government deplore the failure of certain other Governments to agree to meet their share of the commitments of the ITC. That failure undermines good faith and integrity in international financial dealings.

Mr. Harris: First, I pay tribute to the Government for or the lead that they have taken in trying to achieve a resolution of this complex international problem and for their willingness to put up £50 million as their part of a bid to achieve a solution. Does my hon. Friend agree that it is a real tragedy that the negotiations have broken down after having got so far, and that the ramifications of that failure of negotiations are truly enormous, making the Westland affair look lik a minor financial incident?

Does my hon. Friend agree that there are enormous implications for the whole future of London as a commodity trading centre, major implications for the Third world and—this is my particular preoccupation—extremely worrying implications for the Cornish tin industry? May I press my hon. Friend the Minister and my right hon. Friend the Secretary of State for Trade and Industry to act with real urgency over the problems of the Cornish tin industry? May I impress upon my hon. Friend that, through no fault of its own, the Geevor tin mine in my constituency is really at risk now that the talks have broken down? Will the Government respond urgently to the request for special temporary assistance to enable the Cornish tin industry, and Geevor in particular, to survive?

Mr. Clark: I am obliged to my hon. Friend the Member for St. Ives (Mr. Harris) for the tribute that he paid to the Government's efforts to solve the crisis or to prevent it reaching its present dimension. The United Kingdom has played a leading part throughout in attempting to achieve a solution and in offering contributions greatly in excess of the 4 per cent. that we are bound under the agreement to contribute to costs.

I agree with my hon. Friend that at this early stage the implications, both in global terms and in the effect on the City, have yet to be seen in their entirety. I know that my hon. Friend has a particular constituency interest, and the whole House will applaud his efforts to draw our attention to the plight of his constituents. The Government are very much aware of that aspect, but we feel that it would not be appropriate to take action until the market has at any rate stabilised, so that we can see what the prospects for commercial trading in tin and the economics of mining it are likely to be. Once the market has stabilised and we see what the commercial prospects are, we would of course be willing to consider applications for grant towards the cost of capital investment. Those grants will be made in the light of the market conditions prevailing at the time.

Mr. Alan Williams (Swansea, West): I am grateful to the Minister for coming here and giving us a fairly interesting historical analysis of the situation leading up to today's statement, but he has said nothing about where we go from here. He has put forward no positive proposals. The negotiations have been running into trouble for more than four months, and collapse must have been a strong possibility throughout. What are the Government's contingency plans? Is the Minister seriously telling us that, having been aware for four months of the crisis that was liable to occur, the Government have not one positive proposal to make, apart from the suggestion that they might give some grant if someone is silly enough to invest in tin mines which will have no market for their product?

The Minister seems unaware that the price of tin is likely to collapse as 16 banks begin to offload 45 tonnes of tin on to the market. What does he think that that will do to the 13 brokers who are at risk for up to £550 million? Many of those brokers also deal in other commodities, so there may be repercussions way beyond the tin market, putting at risk the survival of the whole London metal exchange. The Minister seems completely unaware of all that or of the fact that there is about to be chaos in the world tin market.

What plans does the Minister have to help the Cornish tin workers, for whom his hon. Friend the Member for St. Ives (Mr. Harris) has pleaded, if the price of tin collapses below the level at which it is viable to produce it, for example, at Geevor? Does the Minister appreciate that if he has no plans to help, this could mean the end of tin production in the United Kingdom?

Mr. Clark: In answer to my hon. Friend the Member for St. Ives I stated Government's position in relation to the Geevor tin mine and tin production in Cornwall. We view the situation with great concern, we are watching it very closely, and at the appropriate moment we shall judge the level at which grants should be made for investment.

support his demand that we should rectify the matter, perhaps in this Budget, and sustain child benefit at its proper level.

I shall comment later on the speech made by the Parliamentary Under-Secretary of State for Employment in reply to Monday's Adjournment debate on Wapping. It was a deplorable speech.

The motion lists many different forms of action that must be taken by the Department of Employment, in which I have a special interest. I must clarify some of the misconceptions that have been spread, not necessarily by the Under-Secretary of State—he is young to the game—but by some of his Conservative predecessors at the Department, who have tried to spread strange tales about what it achieved during the Labour Government.

The main work of the Department falls into four categories, all of which must operate successfully to obtain a decent employment policy. First, the Manpower Services Commission was set up a little before we came into office in 1974, but all the substantial expansion and financing of the MSC, and the special role that it was asked to play in the training programme, which remains of such great importance, was the work of the 1974 Labour Government. Some Ministers have said, absurdly, that we were not interested in training programmes, but we spent greatly increased sums on training. We allowed the Manpower Services Commission to go full speed ahead with the work, and we wanted to graft the new training programmes on to the programmes that preceded them.

Unfortunately, the Conservative Government inflicted serious injury on many training and apprenticeship schemes. Their conversion to a better training policy arrived belatedly. If the Minister looks back at what we did on training, he will know how puerile is the tale that our approach was not ambitious and intelligent.

The Labour Government established the Health and Safety Commission and, therefore, extended safety provision to about 5 million people who had not had it previously. That aspect of the Department's work is increasingly important, especially since the development of the chemical and nuclear industries. I vividly remember the enthusiasm of the chief inspector of factories for the establishment of the commission. I am glad that even this Government have not dared to destroy it, although its effectiveness has been considerably impaired by the shortage of inspectors and the Government's failure to recognise what could be achieved by an imaginative programme for extending health and safety provisions into many other areas.

My hon. Friend the Member for St. Helens, North (Mr. Evans) mentioned what the Government have done, through a series of measures, to curb employment rights or remove them altogether. It is especially offensive that people who have never had to worry about their salaries should wish to cut the salaries of many youngsters and others. It is also offensive that, after so much effort was made to extend employment rights to women and to set up a programme by which that could be carried forward, during their six years in office the Government have been searching for ways to curb the extension of rights. We must ensure that we carry forward the work that was initiated during the years for which the Labour Government is sometimes attacked.

The Labour Government also established the Advisory, Conciliation and Arbitration Service. That has a direct bearing on the Wapping dispute and on how we might find a way out of it. Neither side of industry could accuse ACAS of being non-independent. It was established for that purpose, and great credit is due to its two main directors during its life, Jim Mortimer and his successor, both of whom carried out their tasks excellently. One advantage that the Government possess is that they could use ACAS in this dispute and in others much more effectively than they have. I urge them to do so.

Some Conservative Members—the worst offender is the chairman of the Conservative party, who had a brief and disastrous spell at the Department of Employment—try to say that the Labour Government did not contribute to industrial relations. However, we established the main independent body on which any sensible development of industrial relations must now depend. I hope, therefore, that the Government will pay particular attention to the constructive proposals that I shall be making later in my speech about the way in which we should seek an honourable and decent escape from the terrible dispute in Wapping. More than 5,000 people have had their jobs taken from them in the most shameful and shocking manner and it is the duty of the House of Commons to try to find a way out.

I see that the Minister for Trade is getting ready to speak. I thought for a moment that he had come to speak on behalf of his old Department, the Department of Employment, but I gather that he has risen on the stepping stones of his dead self to higher things at the Department of Trade and Industry—or perhaps he has descended to nether regions altogether. If I, like the Minister for Trade, had had a good job at the Department of Employment and was doing it fairly decently, I should not have gone off to join those racketeers.

It being Eleven o'clock, MR. SPEAKER *interrupted the proceedings, pursuant to Standing Order No. 5 (Friday sittings).*

The right hon. Member for Swansea, West (Mr. Williams) fell somewhat short of his objective in accusing the Government of failing to intervene on a greater scale to prevent chaos in the City. I am not sure what the right hon. Gentleman was recommending. We have already taken the lead in the efforts to solve the crisis. Our offer of a contribution to finance the agreement was extremely generous, both in absolute terms and in relation to our treaty obligations. Perhaps the right hon. Gentleman will enlighten the House on whether he is really suggesting that yet more taxpayers' money should be thrown into an extremely uncertain and difficult situation. He mentioned the difficulties that will face certain brokers. Is he suggesting that they should be individually bailed out by the Government?

Mr. Tim Smith (Beaconsfield): Does my hon. Friend accept that the United Kingdom was the only member of the International Tin Council prepared to stand behind its legal obligations? Is it not deplorable that other members, including members of the EEC, and in particular, West Germany, have refused to do so? What possible future can there be for international trade agreements if member states refuse to stand behind their legal obligations?

Mr. Clark: My hon. Friend's view is uncomfortable, but valid. At every stage the United Kingdom has done its best to bring about a solution to the crisis. It is regrettable that delays, indecisions, and a certain optimism—I am not the best person to judge that—prevented any of our Community partners or other countries from coming forward with positive suggestions. As to the future, it may be possible to reach agreement and for all the parties to mount a salvage operation, but at the moment the prospects look exceedingly bleak.

Mr. Robert Maclennan (Caithness and Sutherland): Is the Minister's statement not a deeply irresponsible and shocking abdication of Government responsibility which will be noted with appalled reactions throughout the City? Last night why did the Minister not respond positively to the proposal by Mr. Jacques Lyon that the Government should take a lead in the rescue plan and not simply rail against other countries for their failure to take a lead?

Does the hon. Gentleman have any understanding of the consequences, not only for the City, but for the banking system, of the collapse of the London metal exchange, which is at risk because of the Government's supine response to the crisis? Has the Minister nothing more to say to the 1,500 workers in the tin industry, and will he examine proposals for investment in the industry?

Mr. Clark: I am amazed at the hon. Gentleman. He knows the lead that the United Kingdom has adopted throughout. He has heard from both sides of the House how we received almost no support from the other partners to the agreement. He has heard the size of the sum—£50 million—which the United Kingdom has put on the table.

Is the hon. Gentleman suggesting that we should have increased the sum, and not put it into the founding of a new tin council, which would take over the obligations, but paid it directly to the City? What is the hon. Gentleman suggesting? It would be wrong and irresponsible to increase the sum and to use taxpayers' money for direct grants—if that is what the hon. Gentleman is suggesting—to those who are in difficulties in the City of London.

Mr. Harry Greenway (Ealing, North): Is my hon. Friend aware that the International Tin Research Institute is in my constituency? Is he aware also that I hope he will continue to attempt to drag European and other Governments kicking and screaming, towards an agreement on tin? Does he agree that without that agreement container commodities for food and drinks, including bottles, will not have the strength or unbreakability which is needed? Tin is essential.

Mr. Clark: My hon. Friend is right. The prospects are bleak. I do not know about dragging Governments kicking and screaming, but if there is a general perception of the gravity of the problem, the original possibilities remain. It has proved so difficult to achieve unanimity that the possibility of finding a solution is not promising.

Mr. Dennis Skinner (Bolsover): Is the Minister aware that if he started by being concerned, not about speculators in the City, but about the more than 1,000 workers engaged in the tin mining industry, and if he was prepared to strip himself of the dogma, he might be able to find a solution? Tin is a non-perishable commodity. If the Government want to keep the tin industry and to keep the tin miners and others in jobs, the Minister would take the stance that he took in October 1984 with another valuable commodity—gold. At that time the Government were not much bothered about market forces or uneconomic units of production and decided to save Johnson Matthey Bankers by nationalisation. The same process could be developed in the tin industry.

A previous Government took a similar attitude when Rolls-Royce got into an almighty mess. People felt that something should be done, so it was taken over. If the Government seriously want to look after the jobs of the tin workers and ensure a continuing tin industry, they would dismiss questions about the London metal exchange and get on with the job of saving the tin mines in Cornwall.

In the absence of the Liberals, who do not seem to be interested, will the Minister take the questions on board and do what was done with JMB and so save the jobs and the industry?

Mr. Clark: I appreciate that the hon. Gentleman could hardly let his chagrin fail to show. We are not bailing out the London metal exchange, although I am sure that that would be the solution that the hon. Gentleman would have predicted.

Mr. Skinner: I did not say that.

Mr. Clark: I can understand the hon. Gentleman's chagrin at the fact that we are not running true to the stereotype that he describes. I have already explained the measures that we envisage taking to help the plight of the Cornish tin miners. The miners' problem is different in quality from that of others who are in difficulties because of the situation. The hon. Gentleman is so ready—understandably—to condemn certain aspects of the Common Market and the CAP and the accumulation of mountains, and I was interested to hear that his solution is the accumulation of a giant mountain of tin.

Sir Anthony Buck (Colchester, North): Is my hon. Friend aware that I sympathise with him in having to deal with a difficult problem? Will he comment further on the attitude of our allies, because it seems that they, and West Germany in particular, have not fulfilled their obligations?

Mr. Clark: The House can reach its own conclusions and read the press, but I do not want to pick a fight with any of our Community partners or with any of the other countries involved. The facts speak for themselves. The failure to achieve harmony, a united attitude, or a level of contributions is at the root of the mishap.

Mr. Frank Cook (Stockton, North): Has the Minister tried to solicit American involvement as a means of rescuing the industry, or are Americans who invest in this country interested only in cleaning up profits and milking the economy?

Mr. Clark: I understand that America is not a member of the International Tin Council.

Vickers Shipbuilding and Engineering Ltd

11.18 am

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Paul Channon): With permission, Mr. Speaker, I should like to make a statement.

I have today given my consent to the sale of Vickers Shipbuilding and Engineering Limited to the VSEL Employee Consortium plc. Its offer consists of a downpayment of £60 million, together with a profit-sharing arrangement for the period 1986 to1992, which could provide British Shipbuilders with further payments of up to £40 million in 1992 and 1993. The consortium has undertaken to complete and fund the remainder of the work on the submarine facilities project, which will modernise the production facilities at VSEL and enable the company to complete the Trident submarine programme in accordance with the Ministry of Defence's requirements.

As far as the Trident submarine programme is concerned, the consortium on Wednesday gave the Ministry of Defence an undertaking that it would negotiate a contract for the first Trident submarine on terms, price, programme and conditions which represent a significant improvement to the Ministry of Defence on the terms previously offered by VSEL while it remained under the control of British Shipbuilders.

The House will be aware that the consortium's bid was not the only one for VSEL. The commercial terms of the other bid were judged by British Shipbuilders and its financial advisers, in so far as they affected British Shipbuilders, to be superior to those of the consortium's bid. But there is a further term in the other bid, which I am bound not to disclose without the bidder's permission, which I found very difficult to accept. British Shipbuilders moreover acknowledged that other interests beyond the remit of British Shipbuilders to consider are involved in the sale. I agree with this. I have therefore decided that the consortium's bid is to be preferred. I wish the consortium well.

Mr. Alan Williams (Swansea, West): I strongly object to the right hon. Gentleman's grave discourtesy. He was aware that the Opposition had asked that the statement should be deferred until Monday, and not only did the Government persist in going ahead with it today, but they ensured that I received a copy of the statement only at 10.53 — seven minutes before the House was due to break into the morning business. As the Government were able yesterday to indicate to *The London Standard* that they planned to make some form of statement today, how on earth can the Secretary of State justify the discourtesy to the Opposition?

I also object to this furtive device of slipping such an important announcement through on a Friday. It is not only that it has taken up rare private Members' time—though that is an important consideration for hon. Members. It has also denied many hon. Members with a deep interest in this major policy decision a chance to ask questions on this important statement. Why was the matter so urgent that the statement had to be made this morning?

Does not the whole saga reveal the tensions and disagreements that exist between the Ministry of Defence

LLoyds List 13/3/86

the volume of cargo discharged at the various gateways dropped 7% from 63.8m tonnes in 1984 to 59m tonnes in 1985.

This decline is attributed to lower shipments of general and bulk cargo into Singapore. The department also said 20.8m tonnes of cargo was shipped into the Republic in 1985 — 15.5% less than the previous year. Imports for

The volume of general and bulk cargo dropped by 1.2m tonnes to 15.1m tonnes. Of this 5.1m tonnes was for re-export. Mineral oil-in-bulk increased by 5% to 25m tonnes.

Of this 9.5m tonnes was shipped to north Asia, 6.5m tonnes to Malaysia and Thailand and 3.1m tonnes to Australia and New Zealand.

McDonnell orders

MCDONNELL Douglas Corporation has received orders for six MD-83 twinjets and options for six more from Trans Pacific Enterprises Inc, a subsidiary of Ansett Transport Industries Ltd of Australia.

The company said the aircraft would be marketed, in conjunction with other aircraft, by Ansett Worldwide Aviation Services.

where requested to act as broker' to bring together and suppliers working related areas to reduce th increase the likelihood of projects," he said.

"The OETB can drav part of the department's and development bud marked for the offshore in but as the main source o the board will be looking ing from the private secto promising projects. It is that the OETB will re funds should a project commercially viable."

At the moment, the b about £5 million ($7.3m available to put into proj

The board is currently l projects including l downhole pumps, hyperba ing, heave compensators, emission, remotely vehicles and underwater la vision systems.

Swan Hunter strike

WORKERS at newly-privatised Swan Hunter Ltd on the Tyne said they were prepared to sacrifice their future if management did not improve an "unacceptable" pay offer.

The warning came from union leader Mr Paul Stockdale after the 3,000 hourly-paid workers agreed at a mass meeting at Newcastle City Hall yesterday to strike for the rest of the day and impose an overtime ban in protest.

The action could hit the company's hopes of winning orders for a Type 23 frigate and a naval supply ship from the Ministry of Defence.

The unions claim no new money has been offered and the proposed deal could leave some men worse off.

Mr Dennis Shadbolt, Swan Hunter's personnel and industrial relations director, said: "We hope this is a short-term demonstration that will not adversely affect current important contracts."

Bristol stowaway

The case of a man who attempted to stow away on board a ship leaving the port of Bristol was being investigated by immigration officials yesterday.

He was discovered by the crew on board the Black Star Line of Ghana vessel *Keta Lagoon*, 13,004 tons gross just before she sailed from Avonmouth.

A Home Office spokesman said a man had been detained and was now being questioned.

Thai tin mines face closures

UP to 40% of Thailand's 600 tin mines may shut down if prices don't go up soon, according to Mr Sivavong Changkasiri, a senior official in the Industry Ministry.

Prices on the Kuala Lumpur metals exchange have plunged since the International Tin Council (ITC) last Oct 24 ran out of money to support tin prices.

Manager of Anuphas and Sons Co, Mr Huck Boon Hongyok, said: "It is the worst period in my 52 years in the business. We cannot pin our hopes on tin any more."

The first squeeze on the tin industry came in 1982, when Thailand received an ITC annual quota of 18,300 tonnes, 39.6% less than its production the previous year.

A senior official of Thailand's Offshore Mining Organisation, based in Phuket, said Thailand had unsold stocks of about 30,000 tonnes of tin ore.

Mr Changkasiri, director general of the Industry Ministry's mineral resources department, said smuggling had also hurt the industry. He estimated that 12,000 tonnes of tin ore were smuggled annually out of Thailand, Malaysia and Indonesia for smelting and refining in Spain, the Netherlands and the Soviet Union.

The market has been flooded by the release of tin from US strategic stockpiles. Consuming nations such as Britain and Canada have increased domestic production.

In 1980, tin was Thailand's fourth leading foreign exchange earner, bringing in Baht11.347 billion ($430.5 million). Thailand produced 23,021 tons of tin ore last year, the fourth highest output in the world. But tin fell to ninth place on the foreign exchange earnings list, fetching only Bhat5.3bn.

The collapse of the ITC and spiralling prices have made Thailand's situation more precarious, and there are no immediate prospects for a rescue plan.

LME to pres ahead with tin 'ring-out

THE London Metal E (LME) has decided to g with its "ring-out" on the tract despite the law su Shearson Lehman Bros In

The move also follows t sion by Standard Charter to start legal action aga International Tin Counc bank is owed £10 million (by the council although it worth some £8m at today's

The LME announced la that it would hold a "ring- tin, settling all outstandi tracts at the fixed price of ($9,121) a metric ton.

As a result, Shearson l Bros Inc and Shearson l Metals Ltd commenced a in the UK High Court aga LME's parent company, Market and Exchange Co l members of the committe LME, and two brokerag which Shearson Lehma contracts.

Shearson Lehman's sui lenges the validity of, and damages resulting from, the out" which the company fixes an artificial settlemen that disregards the true value of tin.

Shearson Lehman deputy man Mr Phillip Jevons has a signed from the LME boar

Meanwhile, Mr Robert H son, chairman of banking Kleinwort, Benson Lonsdal in issuing the bank's annual that "leading council has the position that the Intern