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C. J. G. L.

10 DOWNING STREET

THE PRIME MINISTER

4 April 1986

Dear David.

Thank you very much for your letter of 28 March, which I know you discussed with Peter Morrison.

I understand that, since you wrote, Geevor's management have announced that they intend to suspend operations at the mine next week. Naturally, I regret that they have found it necessary to take this step, particularly as it will involve laying off many of their employees. However, I hope that the company will now submit a detailed investment plan to the Department of Trade and Industry.

The Government have consistently made it clear that the DTI is ready to consider grants towards the cost of viable projects which would enable Geevor to adapt to the changed conditions in the tin market. I know that Peter Morrison will ensure that any proposals are appraised as quickly as possible and that there are no unnecessary delays in reaching decisions.

I have noted your comments on the Select Committee's Report. You will understand that I do not wish to pre-empt the Government's response by commenting on their recommendations at this stage. However, I have to say that it is very unlikely that we shall be able to agree to any form of operational subsidy.

Yours ever

Rangaraj VC

David Harris, Esq., M.P.

PRIME MINISTER

Attached is a letter from David Harris following up your meeting on tin last week. The position has moved on since the meeting. Geevor Mine has laid off its workers for a month rather than making them redundant. They have announced at the same time that whether their workers will be re-engaged at the end of the month will be conditional on the DTI giving them a substantial development grant. In these circumstances Peter Morrison has deferred the extension of the Business Improvements Scheme to West Cornwall since to introduce the scheme now would give a clear indication that the Government was disposed already to turn down the Geevor bid. The DTI public line is that the Government has made clear its willingness to consider sympathetically grants which will assist in making the tin industry viable. No such applications have yet been made. When they are received they will be considered urgently. They are keeping David Harris closely in touch. In the meantime I shall get a draft reply to David Harris.

N

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Tim Flesher

2 April 1986



DEPARTMENT OF TRADE AND INDUSTRY

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From the Minister of State for Industry

Private Secretary to
THE HON PETER MORRISON MP

Tim Flesher Esq
10 Downing Street
London
SW1

4 April 1986

Dear Tim

GEEVOR TIN MINE

Thank you for your letter of 2 April. As requested, I attach a draft letter for the Prime Minister to send to David Harris MP. Mr Harris's letter was written before Geevor's expected announcement on 1 April that operations would be suspended and the workforce laid off from 7 April while the promised application for grants towards investment is appraised. His call for "interim assistance" has, therefore, been overtaken by events.

Mr Harris is probably correct in saying that the Select Committee's Report has altered the situation politically (the relevant paragraphs are attached). It also seems fairly clear that Geevor's management have been trying to engineer a situation in which the Government would be blamed for the closure of the mine.

The Department has consistently told the Company that no grants could be agreed until a realistic appraisal of the viability of the mine in the longer term could be undertaken. They have been invited on a number of occasions to submit a detailed investment plan which would enable such an assessment to be made. They have not done so as yet.

In these circumstances, it would not be possible to agree to a request which Geevor have made for an operational subsidy of roughly £1000 per employee per month even if there were no other

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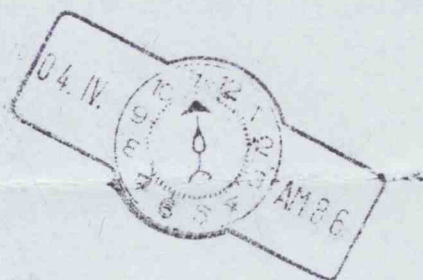


objections to such assistance. Although we should be careful not to pre-empt the Government's response to the Select Committee's Report, it would be sensible to warn Mr Harris that operational support will not be agreed in any event.

Yours ever
Malcolm Mchardy
MALCOLM MCHARDY

PS

We understand that RTZ's people in Cornwall have been reported as saying that operations are vulnerable and that the company is in discussions with the Department on the problem. It is true that a number of meetings with officials have taken place but the company has made no formal application. In view of this uncertainty and since these RTZ mines are not in Mr Harris' constituency, there is a case for not including the last paragraph although it does set the Geevor situation in some sort of perspective.



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✓ CDR A K P

Thank you very much for your letter of 28 March, which I know you discussed with Peter Morrison.

I understand that, since you wrote, Geevor's management have announced that they intend to suspend operations at the mine next week. Naturally, I regret that they have found it necessary to take this step, particularly as it will involve laying off many of their employees. However, I hope that the company will now submit a detailed investment plan to the Department of Trade and Industry.

The Government have consistently made it clear that the DTI is ready to consider grants towards the cost of viable projects which would enable Geevor to adapt to the changed conditions in the tin market. I know that Peter Morrison will ensure that any proposals are appraised as quickly as possible and that there are no unnecessary delays in reaching decisions.

I have noted your comments on the Select Committee's Report. You will understand that I do not wish to pre-empt the Government's response by commenting on their recommendations at this stage. However, I have to say that it is very unlikely that we shall be able to agree to any form of operational subsidy.

[Finally, I should mention that Sir Alistair Frame of RTZ, which controls the other Cornish mines, called to see Mr Channon last week. Sir Alistair said that decisions had not yet been taken on the future of these operations. He agreed to give the Department ~~an~~ advance notice if RTZ decided on closure of one, or both, of their mines. He also said that there would be no public announcement before the end of April.]

David Harris MP



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11/4.

10 DOWNING STREET

From the Private Secretary

11

2 April 1986

I attach a letter the Prime Minister has received from David Harris, M.P.

I should be grateful if you could let us have a draft reply for the Prime Minister to send as soon as possible.

Tim Flesher

Malcolm McHardy, Esq.,
Department of Trade and Industry.

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DAVID HARRIS MP



HOUSE OF COMMONS
LONDON SW1A 0AA

28th March, 1986

The Rt. Hon. Margaret Thatcher, MP,
The Prime Minister,
10 Downing Street,
LONDON, SW1.

Dear Prime Minister,

Thank you very much indeed for your kindness in seeing me on Wednesday and for all your help and understanding over the tin crisis in Cornwall and, in particular, the situation facing Geevor mine. I am also most grateful for all the efforts undertaken by Peter Morrison.

As well as expressing my thanks, my purpose in writing is to make a plea for help in the light of the Select Committee for Trade and Industry's report which was published two hours after our meeting. As you know, the Committee made strong recommendations for financial help to Geevor in particular. Its final conclusion was: "It is of supreme importance that the Government should begin negotiations with the industry on the possible types and amounts of aid and conclude them without delay. We believe that the Cornish tin industry is worth saving."

It argued that the Government did have an obligation to the industry in the light of what had happened in the ITC itself.

The position is that Geevor now seems certain to give notice to its staff this Tuesday to take effect on Monday, April 7th unless there is some indication of Government help. During the course of the coming week, Geevor will be submitting its own applications for grant.

My request is that some interim assistance should be given to Geevor to enable the grant application and the Select Committee's recommendation to be considered. I am afraid that if this is not done then the Government will be blamed - quite unfairly - for the closure of the mine.

/Continued.

I think that the Select Committee's report has altered the situation politically as it has come out so clearly in favour of assistance for the industry in Cornwall. In view of this, I would hope that my request could be given urgent consideration. I have been in touch by telephone with Peter Morrison today and I am sending him a copy of this letter.

Yours ever,
David