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SECRETARY OF STATE FOR ENERGY  
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Rt Hon Sir Keith Joseph Bt, MP  
Dept. of Industry  
Ashdown House  
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3 March 1981

*Dee Kirk*

COAL IMPORTS: BSC

*Belton* - Thank you for your letter of 2 March.

While I understand your reluctance to put pressure on Mr McGregor in a commercial matter, I think that you are slightly misinterpreting what I had in mind. I do not propose that BSC should be prevented from making imports of coal which are essential on quality grounds; on the contrary, my line is designed to protect those imports. Neither do I want to impose additional costs on BSC's revenue account; I propose that those should be met by Government. My proposal was simply an extension of the present system under which NCB align down their prices to world trade levels to compete with imports, and I am asking you to urge Mr McGregor to be as helpful as he possibly can and for you to satisfy yourself that he has done so. I am sure that, in just the same way, you would want me to satisfy myself of the strength of the arguments, if one of my nationalised industries proposed to place a major equipment order with a foreign, rather than a British, supplier. As for the CEGB's position, the whole aim of my proposals is that extra costs should not fall upon the electricity consumer.

More generally, I was, if I may say so, disturbed at the general arguments in your letter. The fact is that the Government is now committed to some action to reduce imports of coal. You will remember that at a meeting in No. 10 on 18 February, it was agreed that our overriding priority was to avert a national coal strike and that I should offer the minimum concessions needed for that purpose. I was - and still am - convinced that some concession on imports is essential to avoid a miners' strike and to enable the discussion of the coal industry's future to continue in a more rational atmosphere, and I therefore gave the assurances which I did at the Tripartite meeting on the 18th and which I repeated in the House the next day. If we are not seen to honour these commitments, even if

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there is no serious renewal of industrial action, there will be the strongest pressure for some formal limitation on coal imports which would be more rigid and more damaging than what I now propose.

I am grateful for your willingness to help over improved redundancy terms for miners. I should say, however, that these improvements would not be an alternative to a reduction in imports of coal. The case for each stands on its own merits and I am sure that we need both if we are to succeed in moving the coal industry to a more stable financial position.

I am sending copies of this letter to the recipients of the previous correspondence including George Younger and Nicholas Edwards.

D A R HOWELL

*Jan 11*

*David*

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