



10 DOWNING STREET

THE PRIME MINISTER

25 March 1981

Dear Mr. Mayor.

Thank you for your recent telegram about the Duport Steel Works at Llanelli.

In the past few weeks Sir Keith Joseph, Nicholas Edwards and I together with other colleagues have received a large number of written representations from, and held many meetings with, the workforce at Llanelli, the Borough and the County Council, the ISTC, the Chamber of Trade and Commerce, and the Conservative and Unionist Association. Denzil Davies called on me as recently as 12 March. I and my colleagues have read, and listened to what has been said with great care and we are fully aware of the background to the situation. We all regret that it has not proved possible for the works to continue in operation.

As we have said on many occasions, there is considerable over-capacity in the engineering steels sector both in Britain and Europe, making the closure of some capacity inevitable. In the public sector, BSC has closed two thirds of its Templesborough plant under the Corporate Plan. No one can foresee future demand rising to anything approaching the 4 million tonnes of capacity available in the UK and there is clearly no point continuing to produce goods for which there is no market.

I have discussed the position of Llanelli on many occasions with my Ministerial colleagues and I know that Sir Keith Joseph

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has looked extremely carefully at the case for all the Duport works finding a place in a new group to produce engineering steels. But despite considering a number of ideas, the sad conclusion emerged that there was no workable solution which would include Llanelli. BSC has offered to buy those of Duport's works which it considers will have a place in a new engineering steels group. I do not consider it right to intervene and ask BSC to take over the Llanelli works against its commercial judgement. The inevitable price would be jobs lost elsewhere.

I have considerable sympathy for the workforce and their families in Llanelli. It is clearly vital that, with the loss of such an important traditional industry, the town strengthens and broadens its industrial base as rapidly as possible. This means new investment in growing and developing industries. The town is and will remain an Assisted Area and will continue to benefit from investment incentives designed to achieve this end.

Yours sincerely

Raymond Sheltie

I am so sorry to have to
send you what I know will

The Mayor of Llanelli

be a deeply disappointing reply.