

CONFIDENTIAL

Qa 05240

2 February 1981

To: MR LANKESTER

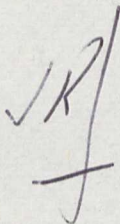
From: J R IBBS

BRITISH STEEL CORPORATION

1. A CPRS note has been put in to E Committee and there is only one additional point I should like to make. This concerns the standard of judgement to be used when deciding on closures.

2. I favour taking clear cut decisions at the end of the summer on which parts of BSC should be closed, so as not to struggle on indefinitely with loss-makers. The Secretary of State proposes that the decisions should be taken by Mr MacGregor on the basis of commercial judgement and knowledge of the industry. This is fine as far as it goes, but; 'commercially viable' is not a precise term and in practice much will depend on how stringent the standard of judgement is. In finely balanced instances, of which there could be several, Mr MacGregor and the Board might tend either to harshness or tolerance. It would be as well before the judgements are made for the Government to ensure that they and Mr MacGregor are of one mind on the standard required. This is particularly necessary because the judgements may be made very difficult by factors such as the exchange rate and efforts by competitors to dislodge BSC, to which attention is drawn in the CPRS note.

3. I am sending a copy of this minute to Sir Robert Armstrong.



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