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10 DOWNING STREET

From the Private Secretary

31 October 1980

Message to Chancellor Schmidt

Further to the letter which I sent you earlier today, I now enclose the text of a message from the Prime Minister to Chancellor Schmidt which has been despatched to Bonn over the direct line this afternoon.

I am sending copies of this letter and its enclosure to Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

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Handwritten signature or initials in the bottom right corner.

SUBJECT

CONFIDENTIAL

for transmission on the debit line.

*cc Margaret
O/S*

MESSAGE TO CHANCELLOR SCHMIDT FROM THE PRIME MINISTER

31 October 1980

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 216/80

Dear Helmut,

I am glad you telephoned last night about the Council meeting on steel in Luxembourg. Like you we attached great importance to getting the right result.

As I promised, I made immediate enquiries. I understand that there was a genuine misunderstanding over what the Council had agreed on 25 October about steel tubes. I am glad that the agreement reached last night included a satisfactory compromise on that aspect.

As you know we agreed to the quota system under Article 58 of the ECSC Treaty after much heart searching. We share your belief in the importance of a liberal economic policy. But the crisis in the steel industry is very serious and in the absence of agreement among producers themselves there was the risk of a major collapse which would have been very damaging to our economic strategy.

Yours sincerely,

MARGARET THATCHER

Ph... 20/11

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BONN FROM LONDON
CONFIDENTIAL GOVERNMENTAL 0024
MESSAGE TO CHANCELLOR SCHMIDT FROM THE PRIME MINISTER

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DEAR HELMUT,

I AM GLAD YOU TELEPHONED LAST NIGHT ABOUT THE COUNCIL MEETING ON STEEL IN LUXEMBOURG. LIKE YOU WE ATTACHED GREAT IMPORTANCE TO GETTING THE RIGHT RESULT.

AS I PROMISED, I MADE IMMEDIATE ENQUIRIES. I UNDERSTAND THAT THERE WAS A GENUINE MISUNDERSTANDING OVER WHAT THE COUNCIL HAD AGREED ON 25 OCTOBER ABOUT STEEL TUBES. I AM GLAD THAT THE AGREEMENT REACHED LAST NIGHT INCLUDED A SATISFACTORY COMPROMISE ON THAT ASPECT.

AS YOU KNOW WE AGREED TO THE QUOTA SYSTEM UNDER ARTICLE 58 OF THE ECSC TREATY AFTER MUCH HEART SEARCHING. WE SHARE YOUR BELIEF IN THE IMPORTANCE OF A LIBERAL ECONOMIC POLICY. BUT THE CRISIS IN THE STEEL INDUSTRY IS VERY SERIOUS AND IN THE ABSENCE OF AGREEMENT AMONG PRODUCERS THEMSELVES THERE WAS THE RISK OF A MAJOR COLLAPSE WHICH WOULD HAVE BEEN VERY DAMAGING TO OUR ECONOMIC STRATEGY.

YOURS SINCERELY,

MARGARET THATCHER

BT