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PS/ *Secretary of State for Industry*

21 March 1980

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Tim,

... I attach a copy of the 23rd Report of the
Interdepartmental Contingency Group on the
Steel Strike.

I am copying this to the private secretaries to
members of E Committee, the Secretaries of State
for Scotland and Wales, the Paymaster General, the
Minister of Transport and Sir Robert Armstrong.

Yours ever,
Pete,
PETER STREDDER
Private Secretary

✓

Handwritten notes:
A large blue scribble.
A signature: *Peter Stredder*
A symbol: π
A fraction: $\frac{2}{3}$



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STEEL STRIKE : 23rd REPORT OF INTERDEPARTMENTAL
CONTINGENCY GROUP

This report summarises the position on 21 March.

BSC

2 The joint industry committee, representing the 13 unions in dispute with the Corporation, met on Wednesday 19 March to consider a response to the BSC's final offer, following formal rejection by the Union Executives earlier in the week. A further meeting between the joint industry committee and the Corporation is taking place today. There are increasing signs of dissension within the union leadership and of a growing disposition towards some form of third party intervention to achieve a settlement. The Corporation remain ready to co-operate over arbitration on terms which take account of their financial situation.

3 It may be relevant that tax rebates being paid to strikers will cease at the end of the financial year, ie early April.

4 In advance of the union's response the Corporation has made no further moves to conduct its own ballot. But they have now sent out a broadsheet to all employees setting out the details of agreements already reached on the central and productivity aspects of a settlement and summarising the differences between the BSC pay offer and the unions' most recent claim.

Private Sector Producers

5 All the private sector steelmaking and re-rolling companies continue to produce and are making good deliveries to customers. Two private sector steel plants in South Wales are heavily picketed without effect on production. Private sector re-rolling companies hoped to obtain further supplies of semi-manufactured raw materials from steel currently held in the British Rail yards in the Midlands, but have been frustrated, at least for the time being, by the unsuccessful attempt by British Rail to deliver steel to a West Midlands stockholder (see para 7 below). A few re-rolling companies, who depend heavily on BSC, are unable to procure suitable supplies of semi-manufactured steel from the private sector steelmakers and are now expecting to lay off some workers over the next few days. It is not possible to identify the potential effects of this with any specific user sector.

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Steel Supplies and Transport

6 Good deliveries from the private sector and continuing imports are maintaining the endurance of most steel-using sectors and there is no new evidence of imminent steel shortages. Steel stockholders are making deliveries to users with little interference from picketing, with the exception of parts of South Wales.

7 British Rail employees attempted on Tuesday to deliver a large consignment of steel to a stockholder in compliance with a High Court Order for its release from a British Rail yard at Wolverhampton. The NUR had instructed its members to obey the Court Order but not to cross picket lines. However, British Rail vehicles were met by a massive picket line and promptly returned to the depot. TGWU workers at the stockholders' premises had also been instructed by their officials not to handle the steel. Steel stocks at the company are so low that lay-offs are now imminent.

8 There is growing unrest amongst railway workers, who are losing earnings because of the ban on steel movement by rail and who fear permanent loss of business to road transport. The NUR General Secretary has written complaining to the TGWU about the continuing high level of steel movement by road, but its purpose is probably presentational.

9 There is little overall change either in the movement of steel by road or at the docks, where some restrictions on handling of imports in London and East Coast ports are continuing.

10 The Customs and Excise figures for February 1980, which represent steel imports landed, but not necessarily moved from the ports, were 359,000 tonnes compared with 307,000 tonnes in January. The respective months of 1979 were affected by the transport strike, so that a direct monthly comparison is not meaningful. They compare with an average of 381,000 tonnes per month for the last five months of 1979.

Effects on Industry

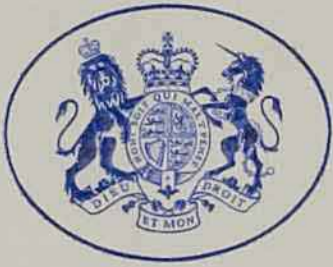
11 This week's survey by the Business Statistics Office shows that overall manufacturing production in week ending 15 March remained at 95% of what it would have been in the absence of the steel strike (just over 97% if the BSC's

*But Lippo
Liverpool
dockworkers*

*today refused
to load steel
for export to
India from
a private
producer.*

12.

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production loss is deducted). This is at a similar level to the previous four weeks. Exports are being maintained at a level near to 96% of what it would otherwise have been. Estimates from the 453 companies responding to the survey, 18% of which are affected by the strike, are that at least 95% production and 96% exports, will again be achieved this week, with no significant deterioration expected even in the most vulnerable sectors.

12 The metal-using sectors which cover all engineering, shipbuilding, vehicles and "other metal goods" have continued overall to produce and export at levels of 3% below what they would otherwise have been. In the worst-affected sector ("other metal goods"), which includes tinsplate cans and metal boxes, drop forgings (eg components), steel wire and hand tools, production losses due to the strike remain about 11%, with loss of export deliveries at 9%. In mechanical engineering, shipbuilding and vehicles, production and deliveries for the sectors as a whole seem still to be virtually normal.

13 Metal Box, the major tinsplate can producer, have been able to increase their level of production, following the receipt of imports, and is now able to meet 40% of customers' demand. Reads, the other can producer, also currently achieving only a limited production, are arranging for imports of tinsplate to cover the whole of their April requirements.

14 In the automotive sector, British Leyland still expect to continue planned production of most cars, until the end of March, but have not yet provided an estimate of the prospects beyond that date. As expected, production of Minis and Allegros at Seneffe, Belgium, using UK kits, has now stopped. Four models of commercial vehicles and all farm tractors are being build short of certain components.

15 The other vehicle manufacturers have adequate supplies of steel and components for planned car production for at least 2/3 weeks, but some types of commercial vehicles at Vauxhall and Talbot are being affected by shortages of components.

Department of Industry
21 March 1980

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