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Mr Walters  
cc Mr Duguid.

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PRIME MINISTER

COAL INDUSTRY REVIEW

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As foreshadowed in my minute of 27 January, the National Coal Board met the national executives of the mining union yesterday. The Board explained the effects on the coal industry of the recession and the need to reduce capacity. Sir Derek Ezra described the meeting as a very difficult one.

The Board resisted heavy pressure from the unions for a list to be revealed of the pits which it was proposed should close. They said only that 20-30 pits might be exhausted in the next 5 years or so and that a smaller number faced severe geological difficulties. The Board stressed that this was not an announcement that 50 pits would close. The unions were told that details would be discussed at Area level, but some union representatives wanted first to approach the Government.

The unions also pressed hard on the level of coal imports. Ezra undertook to join them in an approach to us on this, as well as on the need to maintain investment and on the comparative level of subsidies to the coal industry in this country and overseas. Many of the usually 'moderate' NUM representatives spoke out strongly on these points.

He didn't sound  
'constructive'  
on the radio  
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I understand that Mr Joe Gormley played a constructive role, taking the line that some redundancies were inevitable and that the unions should seek the best possible terms. The Board did not mention its ideas, which as you know they have floated with us, for improved redundancy and transfer terms.

The NUM's national executive meets tomorrow morning to decide whether to participate in Area discussions or to move towards taking nationally co-ordinated industrial action.

I am copying this to Cabinet colleagues and Sir Robert Armstrong.

SECRETARY OF STATE FOR ENERGY

11 FEBRUARY 1980

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