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PS/ Secretary of State for Industry

1 February 1980

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

Prime Minister

*The stocks position, and
steel movement, are quite*

encouraging. 12/12

Dear Tim,

...

I attach a copy of the 9th Report of the interdepartmental Contingency Group on the Steel Strike.

I am copying this letter to the Private Secretaries to the Members of E Committee, the Secretaries of State for Scotland and Wales, the Paymaster General and the Minister of Transport.

Yours ever,

Pete

PETER STREDDER
Private Secretary



STEEL STRIKE : 9th REPORT OF THE INTERDEPARTMENTAL
CONTINGENCY GROUP

This report summarises the position on 1 February.

BSC

2 The exploratory meetings in the last two days between the General Secretaries of the ISTC and NUB and the Corporation offer some hope that the ISTC - if not yet the NUB - may be in more of a negotiating frame of mind. No firm date has been agreed for a resumption of full negotiations but contacts are continuing. Meantime the further negotiations which NCCC, TGWU and GMWU are prepared to have with BSC are being held in abeyance. Thursday's meeting between Ministers and the TUC Nationalised Industries Committee seems to have passed off without significantly affecting ISTC's and NUB's attitude, or attitudes in Wales more generally.

Private Sector

3 The ISTC Executive are this afternoon considering the House of Lords' quashing of the private sector employers' injunction. The ISTC General Secretary had been reported as saying earlier that if this happened he would be reluctant for strike action to be resumed in the private sector. Attitudes may be conditioned by the progress that has been made in the Midlands private sector wage negotiations.

4 The Midlands Wages Board which covers wage negotiations affecting about 20 private sector re-rolling plants (but no steelmakers) in the West Midlands met on Wednesday, 30 January. ISTC rejected an increased offer from the employers (of about 13% without conditions over productivity), but agreed that their members should resume working, and the negotiations were adjourned until next week. The ISTC may well attempt to use the higher offer in the private sector as a further argument in their pressure on the BSC, to increase their own offer. BSC will no doubt argue that the two situations are quite different since the private sector - unlike BSC - is mainly profitable.

5 The situation at the private sector plants has varied widely during this week following the earlier ISTC instruction to its members to resume normal working and cease picketing. Many responded in full on Wednesday or Thursday, especially in Sheffield, at Brymbo (Wrexham), Manchester Steel and at both the major steel plants in West Wales. Some operations and deliveries recommenced at Templeborough Rolling Mills (50% BSC-owned) in Sheffield after having been closed since 11 January. It remains uncertain as to how workers in the private sector might respond to any further recommendations (whether to stay at work or to stop again) from the ISTC Executive following the House of Lords ruling.

They have
been called
out again -
from Sunday
TC
H2



Steel Supplies

Private Sector

6 It is difficult to judge the overall effect on steel supplies of the varying levels of private sector steel activity during the current week. A limited amount of steel will have been made and hot rolled, but deliveries of steel that had already been made and hot rolled before the strike began have continued from a substantial proportion of the plants.

Stockholders and Imports

7 Despite continued picketing, particularly in South Wales, good deliveries of steel are being maintained from a large proportion of stockholders in the industry. Stocks of material at stockholders with some exceptions are still being replenished by private sector supplies and some imports.

Movement of Steel

8 Reports from the transport sector confirm that there has been no change in the level of steel movement. In the ports and docks container cargoes appear to be receiving closer scrutiny as the unions have become increasingly aware of the amount of imported steel entering in this way. Nonetheless steel is still moving from the docks which may suggest less-than-wholehearted support from dockers when loss of earnings is at stake.

Effects on Steel Users

9 The latest survey by the Business Statistics Office shows that manufacturing production in week ending 26 January was 96% of normal (99% if the BSC production loss is deducted). It is likely that a similar level will be maintained this week. The only metal-using sector significantly affected is "miscellaneous metal goods" which largely reflects the reduction in tinplate can production levels.

10 There is little or no evidence of imminent problems developing in particular user sectors, except for a deteriorating position in tinplate can production at Metal Box. Resumed picketing at the company's can end factory at Neath has further restricted supplies to other plants in the group. The company expects to lay off workers at Neath, East Midlands, and Northern Ireland during week ending 9 February. Overall tinplate can production within Metal Box is expected to reduce to 50% of normal or somewhat lower during the coming week. There remains no immediate cause for concern over the supply position for tinned food.



11 The latest assessment of stocks and potential endurance of user sectors show that companies generally have stocks in hand for 3-4 weeks' normal production from now, and in some cases more. There are, however, a number of instances where stocks will last 2-3 weeks eg some shipyards. In addition earlier indications of potential difficulties in some parts of the motor industry from mid-February onwards still apply. Continuing deliveries by the private sector, stockholders and limited direct imports may be expected to enhance overall endurance, but in a non-uniform manner. Such user sectors as heavy process plant, shipyards and parts of the motor industry are heavily dependent on BSC and their endurance is accordingly more vulnerable.

Attitudes to the Strike

12 BSC report that limited evidence is beginning to emerge of cash shortages and related restlessness with the strike amongst their workforce and local businesses and shops in some steelmaking communities. It is difficult to say how much weight should be placed on this. The CBI have reported general satisfaction among their members at the Government's stance which they believe is being adequately conveyed through the media - though they hasten to add that continuing support cannot be assumed once the end of firms' endurance approaches.

Department of Industry
1 February 1980



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