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PRIME MINISTER

MS

25/3

PS / Secretary of State for Industry

25 March 1980

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

Dear Tim,

MS

... I attach a copy of the 24th 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



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STEEL STRIKE : 24th REPORT OF INTERDEPARTMENTAL
CONTINGENCY GROUP

This report summarises the position on 25 March.

BSC

2 On Friday 21 March the BSC and the unions' joint industry committee agreed to terms of reference for a Committee of Enquiry to help in arriving at a settlement of the steel dispute. The unions conceded that it should confine itself to pay issues alone, and specifically to determining what the pay increase should be on the basis of the conditions agreed between the two sides on 12 March.

3 The Secretary of State for Employment on 24 March rejected a union request for the Government to appoint the Committee and the unions are expected to agree today on its being set up by ACAS, drawing on the latter's resources as secretariat, under a Chairman agreed by both sides. The unions are at present saying they will not be bound by the results of the Enquiry, but would refer them to their negotiating committees. The Corporation earlier indicated a general disposition to accept the recommendations. In arguing their inability to afford more than their latest offer they intend to rely on the recognition by both sides in the 12 March agreement that wage increases must be paid for by productivity.

4 Meanwhile the ISTC and NUB executives, to the dismay of some of the other unions and perhaps of many of their own members, have rejected the Corporation's offer of an immediate basic pay increase of 10% 'on account' in return for an immediate resumption of work.

Ports

5 It remains to be seen whether the call by Liverpool dock militants for a national dock strike will be followed in other ports. The sweeping nature of the call might be expected in itself to limit the response. Dockers in Liverpool stopped all work last Friday after a dispute over handling an export cargo from a private steelmaker. It is understood that the TGWU national docks organiser, Mr Alex Kitson, is intervening in an attempt to get them back to work.

6 As far as steel is concerned a national strike would mainly hit tinplate can producers, who have recently revived production thanks to imported supplies, and vehicle manufacturers like Ford and Vauxhall whose steel imports are largely handled by TGWU members. (BL's limited imports of steel are already blocked at Rochester.) Other importers, already relying in many cases on non-traditional routes, could be less severely affected.

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7 Meanwhile existing restrictions on steel continue at the London private wharves and at some East Coast ports.

Private Sector Producers

8 All the private sector steelmaking and re-rolling companies continue to produce and with one exception are making good deliveries to customers. The exception is at GKN Brymbo (Wrexham) where heavy picketing has deterred some TGWU drivers and deliveries to customers are being restricted as a result. Two steel companies in South Wales are heavily picketed but their production and deliveries are unaffected. Picketing at other private sector companies remains light.

9 Private steelmakers are concerned about the longer-term strike effects on multiple sourcing by customers and on possible price-cutting by BSC to recover market share.

Steel Supplies

10 Whilst a continuation of good deliveries from the private sector, most stockholders (unaffected by limited light picketing) and some imports are assisting the majority of users to maintain production levels, stockholders now report an increasing shortage amongst their members of products in which BSC predominate, particularly heavy shapes used in construction and in sheet steel for general engineering. However, we have no new reports of imminent layoffs or reduced production on this account.

Effects on Industry

11 The general position is of little significant change in stocks of steel and endurance of steel-users. The CBI's private enquiry of its sample of 56 companies also indicates little change from a week ago. The proportion of companies already affected has remained level at 20% and the proportion who expect to be significantly affected over the next 3/4 weeks has reduced slightly. Overall production levels remain at 95-96% of what they would have been in the absence of a dispute, with some companies very much lower than this.

12 The position at Metal Box in the production of tinplate cans has improved slightly following the receipt of imports. They are now producing 40% of customers' demands for cans and have also recalled some workers at the Neath can-end factory, which despite continued picketing has resumed limited production and some deliveries to other factories in the group.



13 Notwithstanding expressions of concern by Sir Michael Edwardes to BSC, British Leyland's latest assessment also represents some improvement in potential production prospects. They now see good prospects for planned car production of Minis, Allegros and Sherpas at least until the Easter break on 4 April (compared with a previous forecast of likely difficulties by late March), and of all other models at least until 19 April. Production of most trucks, with exceptions as reported earlier being minus certain components, is also considered possible, at least until 4 April. These estimates are based on existing stocks and private sector supplies - imports already being blocked (see paragraph 10 above).

Attitudes

14 The CBI regard a Press Association report today of imminent difficulties amongst steel-users as largely a generalisation by an inexperienced reporter from the already well-known sectoral difficulties of the canning industry, railway equipment producers etc. Their members are still exerting no pressure for a settlement, least of all in terms representing an abandonment of the principle on which the strike has been endured.

Department of Industry
25 March 1980