

THE COAL INDUSTRY

With permission, I should like to make a statement about recent events in the coal industry.

The National Coal Board saw the National Executives of the three mining unions last Tuesday 10 February. The Board explained that demand for coal has been falling so that the industry is not only facing its long standing problem of the need to close uneconomic pits, but a present and growing surplus of supply over demand, which has aggravated the problem. They told the unions that they aimed to meet these difficulties by maximising sales, increasing efficiency, maintaining a high level of investment in new and replacement capacity and bringing supply and demand into closer balance by diminishing capacity where realistic reserves are exhausted or where for geological or other reasons there can be no long-term contribution. The House will have read of the opposition that has since developed in some coalfields to pit closures. The South Wales coalfield has stopped work today and similar action has been taken, or is being considered, at other pits.

The action which the Board are taking is of course a matter for them. But I must emphasize that they have kept me throughout fully informed of their intentions and in particular told me well in advance what they intended to say at the meeting with the mining unions on 10 February.

Sir Derek Ezra has written to me on behalf of the Board and the three mining unions to suggest an early tripartite meeting of the Government, the Board and the unions. I was very glad to agree to this request and the tripartite has now been arranged for next

Monday, 23 February. Discussions are therefore continuing, and I am sure that all sides of the House will join me in hoping that no precipitate action will be taken while they are.

As for industrial action, I would like to make two points. The first is that the situation faced by the coal industry is not dissimilar to that faced by all other industries and, as with them, it needs to adapt its operations to bring supply capacity into line with the demand it faces. There is nothing novel or surprising about this and only a small proportion of the industry's total capacity is involved. Of course I recognize - and always have - the deep fears which many mineworkers have on this subject. But that leads on to my second point. The long-term future of the industry, if it can contain its costs and increase efficiency, is very bright. It is acknowledged all over the world that coal will have to meet an increasing proportion of our energy needs as supplies of other fossil fuels soar in price and extraction costs. The Government shares this view and we have continued to provide massive funds for investment in new and modern capacity. In 1980-81 the Board's investment programme will have totalled some £800m. But as I said the industry can grasp these opportunities only if it can contain costs and increase efficiency. Inevitably this means both bringing in the new capacity and phasing out the older high cost capacity nearing exhaustion. Indeed, it is only by such increases in efficiency that the long-term future of employment in the coal industry can be safeguarded. This policy is one designed to maximise job opportunities in the long run - because that is what investing in new capacity and closing down old uneconomic pits means. I hope - believe - that those employed in the industry will give full weight to this fact.